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High noon in Moscow

Yeltsin's showdown with parliament



Rolls-Royce

A revolution in manufacturing A bridge too far? Environmental doubts and new Danish-Swedish link

The Marriott demerger

Why Britain's Prudential is making US waves

FINANCIAL TIMES

WEDNESDAY MARCH 10 1993

Europe's Business Newspaper

Mideast peace talks to resume in Washington

Israel's state television said last night that Middle East peace talks involving Israel, Syria, Lebanon, Jordan and the Palestinians would resume in Washington on April 19. Earlier in London, the British government held its first ministerial level meeting with the Palestine Liberation Organisation for more than two years and urged the Palestinians to return to the negotiating table. Peace process deadlocked, Page 4

German chemical profits slump: Further cost-cutting measures by the German chemicals industry are expected after pre-tax profits fell 41 per cent at BASF to DM1.24bn (\$740m) and by 17.7 per cent to DM2.1hn at Hoechst. Page 15; Lex, Page 14

Krupp to close steelworks: The crisis in the Cerman steel industry is forcing the closure of Krupp Stahl's Rheinhausen steel mill in the Ruhr, with the loss of 2,500 jobs. Page 3; IG Metall calls strike, Page 14

New editor for Economist magazine



Bill Emmott (left) will succeed Rupert Pennant Rea as editor of the UK magazine The Economist at the end of the month when Pennant-Rea takes up the deputy governorship of the Bank of England. Emmott is currently the magazine's business affairs editor. Observer, Page 13

Medicines pact urged: Henry Wendt, chairman of Anglo-American drugs company SmithKline Beecham, called for a social contract between the pharmaceuticals industry and society following US president Bill Clinton's criticism of the cost of medicines. Page 14

Maastricht worries: Some European diplomats openly speculated about UK prime minister John Major's ability to deliver ratification of the Maastricht treaty on European union following his parliamentary defeat on Monday. Page 14

Kanemaru gold hauk The Tokyo prosecutor seized 100kg of gold bars, worth about Y1bn (\$8.3m), from the office of Mr Shin Kanemaru, until last year a powerful figure in the Liberal Democratic party, who is being investigated for alleged tax evasion. Page 14

Renault truck arm in the red: French truckmaker Renault Véhicules Industriels reported a FFr1.62bn (\$287m) net loss for 1992, with a 38 per cent drop in European sales in the secood half. Page 15

Tungsram's gloomy results: Hungarian lightbulb group Tungsram, in which General Electric of the US has a 75 per cent stake, suffered a a Ft9hn (\$104m) loss in 1992, raising speculation that GE might buy out Hungarian Credit Bank's minority holding. The state-owned bank needs resources to cope with its own difficulties. Page 17

Saatchi's £600m write-off: International advertising group Saatchi and Saatchi wrote off £600m (\$850m) of goodwill associated with US acquisitions made when the group was expanding in the 1980s. Excluding the write-offs, the underlying position of the group for 1992 showed a pre-tax profit of £18.9m, against 1991's losses of £47.2m. Page 15

Shake-up at Hillsdown: UK food group Hillsdown Holdings announced a £92.3m extraordinary provision within its 1992 results to cover a wide-ranging reorganisation. Group pre-tax profits fell by 17.5 per cent to £t54.1m (\$218.8m). Page 21; Lex, Page 14

Generators pressed to selk National Power and PowerGen, main electricity generators in England and Wales, were pressed by the industry's regulator in offer for sale 11 power stations they plan to close. Page 8

De Beers, South African company which dominates the world diamond market, kept the cut in its 1992 dividend to 29 per cent after announce ing a 35 per cent fall in earnings for the year. Pre-tax profits on the diamond account fell 20 per cent to \$644m. Page 15

Poorest get poorer: Per capita incomes in the poorest developing countries are falling and economic reform programmes are threatened by recession and inadequate international support, the United Nations Conference on Trade and Development said. Page 6

STOCK MARKET IND	CES	= STERL	ING
FT-SE 100:2949.9 VieldA.98	(-7.4)	New York Iu S 1.43	
	(-0.78)		
FT-A All-Share1435.58	(-0.25)	S 1.4	135 (1.4455)
Nikkei	(+161.83)	DM 2.39	(2.4025)
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E Gold	,	Y 117.	35 (117.6)
		\$ Index 64	1.7 (65.3)
New York Cornex (Apr)\$327.2	(327.7)		
London\$326.45	(327,15)	Tokyo close Y	116.93

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Cyprus	C£1.00	Indonesia	Ap3800	Nigaria	Neira25	Sweden	SKr15
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Denmark			L2700		QR1.50	Syria	S250.00
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Germany	DM3.30	Lebanon	US\$1.25	Portugal	Es215	UAE	Dh11.00

Retreat by Amato over soft line on corruption

By Robert Graham in Rome

MR GIULIANO AMATO, the Italian prime minister, yesterday withdrew plans to deal leniently with those implicated in the country's widening corruption scandals, staving off the immedi-

ate threat of a government crisis. Share prices fell in Milan and the Bank of Italy was forced to intervene to support the lira during a tense day which began with the arrests of two more leading industrialists and was rife with rumours that Mr Amato was preparing to resign,

A degree of calm later returned to the markets when the cabinet decided to beat a humiliating retreat over lts controversial plan to hring a "political" solution to corruption scandals in which more than 1,000 politicians, businessmen and government offi-cials have been implicated.

Before the decision, spokesmen for the two main partners in the fragile four-party ecalition, the Christian Democrats and Socialists, ruled out any change of government and stressed their confidence in Mr Amato. The prime minister himself had earlier met President Oscar Lulgi Scalfaro. who also rejected the idea of Mr Amato resigning.

Christian Democrat and Socialist leaders stressed the danger of bringing down the government. with the almost inevitable consequences of early elections.

Even the majority of opposition partles admitted they did not want elections before new laws are introduced to modernise the

The climate of uncertainty was fuelled by news that Mr Gabriele Cagliari, president of ENI, the state oll concern, had been arrested. Mr Cagliari, bead of ENI since 1989, was reported to have offered his resignation last night. He was arrested with Mr Franco Ciatti, the president of Nouvo Pignone, ENI's turbines subsidiary, on charges of alleged

corruption relating to power industry contracts.

The government's problems stemmed from a decision on Friday to introduce a decree laying down new rules for controlling the financing of political parties. Illicit funding of the parties through kickbacks on contracts has emerged as the central element in the corruption scandals.

With the apparent backing of his four coalition partners. Mr Amato and Mr Ciovanni Conso, the new justice minister, decided to make illicit financing of the parties no longer a criminal offence, and make the change retroactive. Instead, it was to be treated as an administrative offence, punished by fines, and judged by a government-appointed prefect.

Faced with an unexpected wave of popular protest, bostility from the magistrates and vehement criticism from opposition parties. Mr Scalfaro refused to sign the decree. He argued the timescale of the decree, which had to be approved in its entirety or rejected within 60 days, conflicted with the forthcoming referendum on April 18 seeking to abolish public financing of political parties.

The government yesterday accepted the 'president's arguments and went further. The cahinet agreed to suhmit altered proposals for discussion as a law in parliament and accepted the principle that illicit financing was a criminal matter.

These new principles mean that all members of parliament tor whom immunity is waived risk prison sentences.

Yesterday the parliamentary commission on immunity decided to waive it on Mr Bettino Craxi, the former Socialist leader and prime minister. If the full house endorses this. Mr Craxi will face charges of alleged corruption, illicit party financing and receiving illicit funds.

Background, Page 2

Brussels aims to in EC telecoms

By Andrew Hill in Brussels

A FAR-REACHINC plan to open all domestic and international telephone calls in the European Community to competition is heing considered hy the Enropean Commission.

Brussels originally favoured opening the market for EC crosshorder calls only. But senior Commission officials believe the next wave of EC telecoms legislation should go further.

itself a more ambitious and controversial target of full liberalisation of "voice telephony". This could include all domestic and cross-border calls within the EC, and calls to countries outside the Community. Person-to-person calls represent 80-90 per cent of the EC market.

Nearly six months of consultations are said to bave demonstrated that most operators and almost all consumers favour far-reaching liberalisation and harmonisation proposals, partly for practical reasons

Officials will not reveal their

hut hope to achieve open competition within 10 years. Poorer EC their telephone networks.

end with two meetings between the Commission, operators and regulators at the end of this month. Mr Martin Bangemann, EC telecoms commissioner, and Mr Karel Van Miert, responsible for competition, should decide whether to press for full liberalisation soon after. Mr Bangemann's spokesman said yester-day the commissioner did not yet have a view on the matter.

Officials bope to receive political support for their plan at the scheduled meeting of EC telecoms ministers on May 10. The first phase of draft legislation

work out how to safeguard public monopolies' commitment to provide an equal service to all con-

Continued on Page 14



Russian economic jeopardy

RUSSIAN opposition forces are poised to derail economic reform and seriously undermine President Borls Yeltsin's ability to govern. a senior Russian minis-ter warned yesterday.

Mr Alexander Shokhin, the deputy prime minister for foreign economic affairs, said the future of the reforms hung on decisions to be taken today or tomorrow hy an extraordinary session of the Russian Congress of Peoples Deputies.

in an interview with the financial Times, Mr Snoknin said he expected deputies to vote on a motion tn change the constitntion which would put the power of choosing the government in the hands of the parlia-ment - a move which would see a new government chosen in the next few weeks or months. "They [the Congress] now have

the best chance of changing the government that they have ever had," he said, adding that antipresidential forces had grown stronger at every Congress.

Mr Shokhin's warning came as diplumats in Bonn revealed that Mr Helmut Kohl, the German chancellor, has written in fellow western leaders urging their snp-port for Mr Yeltsin in his constltutional struggie. In particular. Mr Kohl has passed on a query from Mr Yeltsin, asking for cnnfirmation of western political support if he is forced in intro-

dnce emergency measures. Yesterday Mr Ruslan Khashnl atov, the parliamentary speaker, dismissed Mr Yeltsin's most recent proposals on constitutional reform. The draft law pro-posed by Mr Yeltsin if parliament dld not agree tn his preferred uption of a referendnm, was "nnt serlous" and should not be considered, Mr Khasbulatov said.

Bnt Mr Vladimir Shumeiko. deputy prime minister, said if Mr Yeltsin was denied a referendum or an agreement, he would run his own plehiscite. When supported by the people, he would take "certain actinn agaiost other hranches of power."

Mr Shokhin said that, if the Congress accepted prnpnsals framed last week hy Mr Yeltsin, the government would tighten monetary and credit policy. If not "we will continue to try but it will be much more difficult".

He said if Congress "makes one little amendment It will have power over the cabinet. This means that we would have a new government which would put forward a soft economic policy". The government was prepared to compromise with parliament

Continued on Page 14 Afloat on a cruel sea, Page 13

Weill set to buy back reforms in Shearson for \$1bn

By Alan Friedman and Patrick Harverson in New York

MR SANFORD WEILL, the Wall Street entrepreneur who built the Shearson brokerage empire in the 1970s before selling It to American Express, is about to recapture his ereation for \$1hn.

The financial services and travel group, whose image has been tarnished lately by bitter boardroom battles, is understood to be only days away from selling Sbearson's retail brokerage and asset management huslnesses which suffered heavy losses last year, It bought Shearson for \$900m in 1981.

Mr Weill, a former American Express president who left the company in 1985, now runs Primerica, the US financial services group which already owns Smilh Barney, another broker. The purchase of Shearson would represent a return to the kind of daredevil deal-making that made the 59-year-old Brooklyn native a Wall Street legend in the 1970s.

The proposed sale would create securities powerhouse to rival Merrill Lyncb as the biggest bro-

annual revenues of more than \$13bn, almost 500 branches and 1t,400 brokers. It would also give Primerica ownership of commerelal property in Manhattan, including a 40-storey office block and adjacent computer ceotre.

Primerica and American Express yesterday confirmed the Shearson talks. One American Express executive said: "My sense is that we are almost there. The agreement could happen within the next day or two." The two companies discussed a similar proposal three years ago, but the talks stalled. Lehman Brothers, the invest-

ment banking arm of the Shearson group, has been left out of the present negotiations. It was, however, learnt yesterday that a management buy-out is being discussed by senlor executives at Lehman Brothers. American Express insiders at \$27%, up by \$%.

think It likely that the group. keen to bolster capital and focus on its core travel and card businesses, will eventually agree to a Lehman buy-out.

Mr Weill started on Wall Street \$116m last year.

ker in the US, with combined as a trading floor clerk for Bear Stearns, forming his own brokerage firm in the 1960s when still in his 20s. After selling Shearson in 1981, he became president of American Express. In 1985, he became one of several presidents to leave during the chairmanship of Mr James Robinson, who was himself forced to resign last mooth.

Mr Weill, whose lawyers were yesterday examining the draft agreement, is a close friend of Mr Harvey Colub, the man who replaced Mr Robinson as chief executive of American Express. It was Mr Welll, a godfather to Mr Colub's son, who hired Mr Colub to run an American Express sub-

received by the markets. Primerica's share price jumped by \$2% to \$42% and American Express's rose more than \$1 before settling

Sbearson has been a blg burden to its parent in recent years. It lost more than \$900m in 1990, and after a brief return to profitability in 1991, racked up a loss of

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open competition

The plan would aim to cut the cost of calls and improve the efficiency of Community telecommunications operators.

They are urging the EC to set

ideal timetable for liberalisation,

member states, such as Portugal, Greece, Spain and Ireland, could he given longer to modernise Commission consultations will

would follow later this year. The main hattles hetween

member states are likely to be fought over the timing of a phased programme of legislation. Member states will also have to

Editorial Comment, Page 13

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® THE FINANCIAL TIMES LIMITED 1993 No 32,009 Week No 10 LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

Craxi loses immunity in bribes case

By Robert Graham in Rome

THE pugnacious battle fought by Mr Bettino Craxi, the former Socialist leader, to avoid facing charges of alleged cor-ruption suffered a serious hlow

The special parliamentary commission dealing with mag-istrates' petitions for waiving immunity yesterday decided there was sufficient grounds for Mr Craxi to face the allegations on three couots. A final decision will be taken by the full house; hut in the past it has been rare for the recommendation of the commissioo to be ignored.

The decision to waive his immunity is the first time parliament has decided such an action in the case of a former party secretary. Immunity has already heen waived in the case of Mr Gianni de Michelis. the former foreign minister and deputy Socialist leader, who is facing corruption charges over alleged hribes linked to construction con-

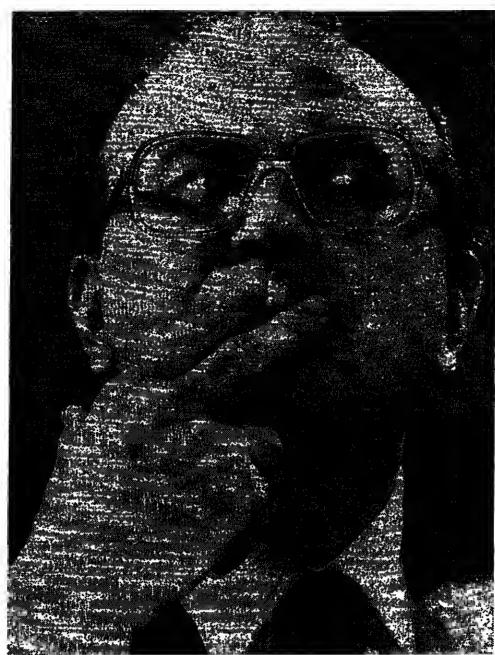
tracts in Venice. Milan magistrates have sent a dossier to parliament listing more than 40 incidents in which Mr Craxi is alleged to have received illicit funds for his party to the tune of L36hn (£16.4m). They asked parliament to allow them to proceed with charges on separate

The Socialist members of the commission sought to limit the waiving of immunity on the two lesser counts of corruption and illicit party funding. But the commission accepted all

More than 50 deputies and senators have so far received notice they are under investigation in Italy'a wave of corruption scandals; and yesterday two more were caught in the net, including Mr Francesco Cafarelli, the Christian Democrat deputy who is curreotly secretary of parlia-meot's anti-Mafia commission. But at the heginning of this month documentation for only 45 requests to have immunity waived to face corruption charges had been received.

Mr Craxi was not present at yesterday's hearing but sent a letter repeating earlier allegations that Milan magistrates were waging a deliberate cam-paign to discredit him and the Socialist party.

Mr Craxi was first served notice he was under investigation for alleged corruption on December 15. Since then he has received 11 other cautions. Hearings have not covered investigations into the transfer of funds to a Swiss hank account for the Socialist party hy the late Mr Roberto Calvi.



Eni chief joins MEPs the corruption scandal list

By Helg Simonian in Milan

MR Gahriele Cagliari, the chairman of Italy's Eni energy and chemicals state holding company, has been arrested on charges of alleged corruption and illegal funding of political parties. Separately, Mr Franco Ciatti, chairman of Eni's Nuovo Pignooe turhines and compressors subsidiary, was arrested on corruption charges.

Mr Cagliari is the most ænior husinessman to be detained hy Milan magistrates investigating contracts from the Enel state electricity authority since a sweep of Enel's contractors began last month. The arrests, in connection with contracts for gas tur-bines for Enel power stations, had an immediate impact on the Milan stock exchange. Couthe Milan stock exchange. Cou-pled with growing uncertainty aboot the future of the govern-ment of Mr Gluliano Amato, the Comit equity index fell hy 17.11 points to 511.02, while the lira came under heavy pressure, dropping to L965.38 against the D-Mark.

The involvement of Nuovo Pignoce in the corruption investigations could represent a hlow to the government's amhitious privatisation programme, as the company is one of the top candidates on the list of planned disposals. Yesterday Nuovo Pignone's works council called on the government to suspend the pri-

maximum transparency. The arrest of Mr Cagliari could also set back plans at Eni, which hopes to float stakes in Its Agip petroleum and Snam gas distributioo operations, as well as sell smaller sobsidiaries. Mr Piero Barucci, the Trea-

sury Minister, yesterday stressed the arrest would not affect Eni's operations. Under changes pushed through hy the government last year, everyday responsibility for running the company had passed to its managing director, Mr Franco Bernabe. in a statement, Eni said its board would be meeting soon to consider the impli-

cation of Mr Cagliari's arrest.
Eni had already come under indicial scrutiny earlier this year, when Mr Cagliari was informed by Rome magistrates that he would fine procession. that he could face prosecution. The list of those arrested, and mostly released, includes Mr Giampiero Pesenti, chair-man of the Italmohiliare hold-

ing company which controls the Franco Tosi engineering group, Mr Roberto Fochi, chair-man of Filippo Fochi, a listed engineering concern, and Mr Aldo Belleli, managing director of the big Belleli plant huilding and engineering group.

According to leaked testi-

mony, Mr Ciatti admitted to having paid L4ho (£1.8m) in kickbacks, equivalent to 10 per cent of the orders received from Enel. The money was paid into an unspecified for-



Cagliari: Socialist party links

call for EC jobs package

By Lionel Barber in

MEMBERS of the European Parliament yesterday called for a reflationary jobs package for Europe, warning that rising unemployment was under-mining public confidence in the European Community and European union.

During a debate on the Europesn Commissinn's annual ecnnomic report for 1993, MEPs criticised as "timid" the EC growth package agreed by member states at the Edinburgh summit last December. Withint three par cent growth, the number of people out of work in the Community would reach 17m - or almost 11 per cent - by the end of the

year. Mr Henning Christophersen, EC economics commissioner, acknowledged that the Commission's growth forecast of 0.8 per cent for 1993 raised questions about whether member atates would meet the "cnnvergence criteria" required to be eligible for European Monetary Union in 1996. But he held out the pros-

pect of a speedy drop in interest rates, particularly in Germany, to offset the recession.

A stark warning of the risks of low growth and competitive devaluations caused by the recent monetary instability in tha EC appeared in a parliamentary report nn the Commissinn's growth fnrecasts prepared by Mr Alman Metten, a Dutch Socialist MEP. According to the report,

recent developments show that EC countries are so interdependent that devaluation by one produces a domino effect of competing devaluations. Were these phenomena long to continue, then even the single market would be endangered. Mr Metten said yesterday that withunt luwer interest rates in Germany, the French franc risked having to float nntside the Exchange Rate Mechanism - a prospect which would deal a possibly fatal

blow to monetary union. He recommended that the Commission and Cnnncil examine the possibility of setting target zones of fluctuation for the dollar, yen, D-Mark and, possibly, the Ecu, in order to restore monetary sta-hility. The European Parliament will vote on the Commission's report today

Technician who put his company centre stage

R Gahriele Cagliari, chairman of Italy's Eni state energy and chemicals concern, has the look of a man more at home on an oil rig than in the office.

However, it would be wrong to portray him merely as a hurly technician. Under his chairmanship Eni has pursued a high-profile sponsorship of Milan's famous La Scala opera house. He regularly attends the opera's glitzy "prlma" each December. Mr Cagliari, 62, is also a keen supporter of the Aspen Institute's Italian branch, which organises regular conferences on environmental issues, particularly related to energy and the Mediterra-

Haig Simonian profiles the man with a love for risks

An industrial engineering graduate of Milan's prestigious polytechnic, he joined Eni in 1955, starting at the Houston, Texas, office of its Anic subsidlary. He stayed with the group, then heginning its long chalist university professor who is now minister of finance. lenge to the international oil industry's dominant "seven sisters", for the next 11 years. The period took him from the

plant engineering subsidiary.

After a spell at Eurotecnica,
an energy-related engineering. group, Mr Cagliari returned to Eni in 1981. Two years later he

US hack to Italy, where he

moved to Eni's Snamprogetti

joined the group's managing board, where he concentrated on the tormented restructuring of Italy's chemicals sector. In 1989 he succeeded as chairman Mr Franco Reviglio, the social-

The choice of Mr Cagliari was in many ways ohvious. Apart from his technical hackground, he was one of relatively few senior Italian executives to have had wide-ranging Joh experience abroad. He speaks good, if not perfect, English.

bore the right political stamp, having been closely associated with the Socialist party, which has dominated Eni since its creation. Recently, his political credeotials have hrought Mr Cagliari under media scrutiny. Links have been traced between private family busi-nesses and those of Mr Silvano Larini, the playhoy Socialist architect closely associated with Mr Bettino Craxi, the former Socialist party leader, who gave himself up to Milan mag-

English. His arrest, and that of Mr Perhaps as important, he Franco Ciatti, the chairman of

Eni's Nuovo Pignone subsid-iary, is based entirely on his public business role rather

than any private activities. Both men have been held oo allegations of corruption and illegal political funding in relation to Nuovo Pignone's contracts to supply gas turbines to the Enel state electricity aothority.

Nuovo Pignone, one of the prime candidates on the goveroment's privatisation list, is Italy's leading producer of gas turhines, compressors and other high-technology engi-neering equipment. It is a lead-

alised in lower-capacity machines – a spin-off from its expertise in compres-sors – Nuovo Pignone also produces the high-powered turbines used in hig power stations under licence from Gen-

first oil price shock of 1973.

eral Electric of the US. It is this activity for Enel which has now put Mr Cagliari and Mr Ciatti behind bars.

Sweden urged to boost savings

By Christopher Brown-Humea in Stockholm

AN independent commission set up by the Swedish government has called for a quicker resolution of the country's banking crisis and for further savings of up to SKr70hn (£6.3bn) to help tackle the country's acute economic diffi-

The commission, led by economist Mr Assar Lindheck, broadly supported the country's current monetary policy, saying that too swift a lower-ing of interest rates risked higher inflation and a further

weakening of demand. In a report published yester-day, it said: "The central bank is advised to continue Its strategy of a gradual reduction in short-term interest rates, provided there is no dramatic fall in the exchange rate or a dra-matic iocrease in long-term

The report was commisstoned by Ms Anne Wibble, the finance minister, in December to provide a hlueprlot for Swedish economic recovery in

rency flotation last November. Mr Lindbeck said top prior-ity should be given to resolving the country's banking crisis. He also soggested that Sweden needed to save or raise a further SKr60-70hn in the next five years in order to sta-

hilise public debt at 40-50 per cent of GNP hy 1998. High long-term unemploy-ment was the most serious threat facing Sweden, hut the country needed to get better value ont of the SKr90bn allocated to programmes for the jobless. He called for reduced benefits and a shift towards less expensive training pro-

In its list of 113 proposals the commission also suggested increasing the government's mandate period, cutting the number of MPs, strengthening the hudget process and reducing the influence of all types of

interest groups.

The aim now will be to build interest rates." concensus through wide-ranging discussions in the coming weeks, with some of the pro-posals likely to be adopted in the country's supplementary the wake of the forced curhudget next month.

Greeks queue to file tax returns in Athens

By Karin Hope in Athens

LONG queues at Inland Revenue offices around Athens are the first indication that the Greek government's efforts to reduce tax svasion may be having an effect.

The Finance Ministry is optimistic that its television campaign, exhorting Greeks to "make a new start" hy filing a tax return, will produce a 15 per cent rise in the number of income declarations received hy Friday's deadline.

Recession and the launch of the single market has affected revenue collection in recent months, with VAT receipts showing a sharp decline. However, Greece faces much bigger problems in trying to restrain an underground economy that may have donbled in size over the past decade, and reversing a widely held belief that oo intelligent citizen pays more

than a minimum of tax. "One of the main reasons revenues are behind just oow is because, under single market rules, VAT is no longer collected at customs but when goods are sold," according to omy minister.
"That's less worrying than

the very large degree of tax evasion. The black economy is anywhere between 35 and 50 per cent of the real economy. That's a huge amount of money going untapped."

Cuts in the levels of corpo-

ration tax and income tax. introduced when the fiscal system was overhauled last year, appear to have made little impact on attitudes.

A recent Finance Ministry check of credit card receipts on the island of Santorini, a popular touriat destination. revealed that shopkeepers were declaring only 8.5 per cent of transactions. It was followed by a sample cross-checking of company retnrns, which resulted in about 25,000 husinesses being asked to file a

supplementary tax declaration. Computerisation is under way, hut it will be some time before antomatic cross-checking can be widely applied. Meanwhile, tax officials are being offered an incentive to press for payment of tax arrears: a share of tha receipts.

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Goodman defends company against fraud charges

By Tim Coone in Dublin

Mr Larry Goodman, the controversial founder of Goodman international, Europe's largest meat processor, yester-day appeared in the witness box to defend his compacy against allegations of fraud, abuse of EC payments systems, and political favouritism.

Speaking before a parliamen-tary equiry into the Irish meat industry, Mr Goodman claimed the allegations have been "blown up out of all proportion". Although he did not deny some breaches of regulations had taken place at a couple of his plants, he said that a comparison should have been made with other companies in the industry. "We can back our record against anyone's," he

Goodman International ran into financial difficulties in 1990 following the Gulf war and the suspension of export contracts to Iraq. An examiner was appointed in August of that year to enable the company to arrange an agreement whom it owed some I£460m

The banks had guaranteed a further IS200m against beef

Answering allegations that his company had taken advan-tage of the EC intervention system, Mr Goodman said: "Prior to Ireland joining the

EC, our net margins were in excess of 5 per cent. Thay have never been at that level since. Wa lohhied very strongly against the intervention system as we were concerned that people would sell without any marketing effort. It removed the incentive for companies to market in Europe and abroad."

The Goodman group has become Europe's higgest snp-plier of meat products to supermarket chains in the UK.

Accusations of dishonesty made in the witness box by the prime minister, Mr Alhert Reynolds, against a cabinet col-league last October resulted in the collapse of the coalition and a general election last

The Financial Times (Europe) Led
Published by The Financial Times
(Europe) GmbH, Frankfurt Branch,
Nibelungen platz 3,
6000
Frankfurt-am-Main I: Telephone 49 69
156850; Fax 49 69 5964481; Telex
7416193. Represented by E. Hugo,
Managiog Director. Prioter: DVM
GmbH-Hürriyet International, 6078
Neu-Isenburg 4. Responsible editor:
Richard Lambert, Financial Times,
Number One Southwark Bridge,
London SEI 9HL. The Financial Times
Ltd, 1993.

Registered office: Number One, Southwark Bridge, London SEI 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited, Publishing director: J. Rolley, 168 Rue de Rivoh, 75044 Paris Cesles 01. Tel. (01) 4297 0621; Faz.; (01) 4297 0629. Editor: Richard Lambert. Printer: 3A Nord Eclair, 15/21 Rue de Caure, 99100 Roubaix Cedes, I. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Demasrk, Telephone (33) 13 44 41. Fax (33) 935335.

Polat back

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· Mr Stefanos Manos, the econ-

By Quentin Peel in Bonn MR Helmut Kohl, the German chancellor, has written to fellow western leaders urging their support for Mr Boris Yeltsin, the Russian president, in his constitutional struggle, according to diplomats in passed on a query from Mr Yeltsin asking for confirmation of western political support if gency measures in Russia. The

WESTERN Germany, the powerhouse of the European economy, saw a fall of 1 per cent in gross domestic product in the last quarter of 1992, compared to the pravious quarter. The figures underlined "recessive tendencies", the federal

By Christopher Parkes

in Frankfurt

statistics office said yesterday. Cooditions had worsened steadily following a relatively strong showlog io the first

In particular, Mr Kohl has

three months of last year, when mild weather helped gross domestic product to grow by a seasonally adjusted 1.5 per

Powerhouse of Europe weakens markedly as recession fears grow

Excluding that anomaly, growth has now been shrinking since the summer of 1991. yesterday's figures showed.

Kohl calls for G7 political

letter, sent directly to western

leaders in the Group of Seveo

industrialised states, including

US President Bill Clinton, Pres

ident François Mitterrand of France, and Mr John Major,

the British prime minister, reports Mr Yaltsin's confidence

that the Russian military will

support him if he seeks emer-

gency powera, the diplomats

It also spells out the Russian

leader's determination to make

one final effort at reaching

agreement with the Russian

While the fourth-quarter fall is less than the 1.5 per ceot estimated by the Bundesbank recently, it demonstrates that economic activity is weakening

Independent economists now expect the economy to shrink by up to 2 per cent this year.

West German economy shrinks by 1%

The statistics office pointed out that capital investment in the quarter under review had fallen hy 4.6 per cent; the higgest drop since mid-1984. Meanwhile, the number of people amployed in the west had fallen, hy 89,000, for the first time in nine years.

A 2.5 per cent increase in domestic demand in the last three mooths of 1992 helped

parliament, while expressing

hood of such a deal.

some doubt ahont the likeli-

The letter follows Chancellor Kohl's brief stop-over in

Moscow for talks with the Rus-

way back from a two-week trip

the ability of Mr Yeltsin to

implement a coherent govern-

constitutional crisis.

push imports up 4.7 per cent while exports rose by only 0.6 per cent, the office

Meanwhile, investment in construction was 6.7 per ceot higher due mainly to continuing demand for housing.

Private consumption rose 1.8 per cent, partly under the influence of the increase in value added tax on January 1. which spurred demand for con-sumer durables.

West Germany Constant prices ☐ Fully adjusted

1991

Bosnians urged to accept ethnic map

backing for Yeltsin in crisis RUSSIA yesterday stepped op pressure on Bosnia's warring parties to accept the international peace plan, dividing their land into 10 semi-entonomous provinces mainly along ethnic lines, agencies report.

sian president last week, on his The Russian statement was issued as Bosnia's Moslem-led government and the Bosnian Serhs considered their It reflects deep German anxiety about the growing instabilresponse to the peace place drawn np hy mediators ity in Russia, and doubts about Mr Cyrns Vance and Lord

"The current round of talks ment policy during the current in New York confirmed the yesterday.

the Vance-Owen plan as the basis for a settlement in Bos-nia-Hercegovioa," Russiao President Boris Yeltsin said. The peace talks in Naw York

were interrupted oo Saturday to give the Bosnian Moslem government and its Serb adversaries time to decide whether they accept the mediators' map. A UN relief convoy attempt-

ing to reach a trapped Moslem town in eastern Bosnia was stuck at the Serhian horder

Krupp steel plant closure sparks protest

By Ariane Genillard in Bonn

KRUPP Stahl yesterday announced it will close an entire steel mill in Rheinhausen, in the heart of the Ruhr regioo, making the mill the first casualty of the German steel crisis.

The closure, which will take place in the second half of the year, will involve the loss of 2,000 jobs. Steel production will be partially transferred to the company's mills in Dortmund, also in the midst of restructuring. The company also announced a further 2,500 jobs

will be cut there. News of the closure of the 100-year-old plant in Rheinhausen immediately sparked protest among steel workers.

"We had to decide with a grieving beart to concentrate our steel production in Dortmund," Mr Jürgen Harnisch. chairman of Krupp Stahl told protesters yesterday. The production concentration at Dortmund should improve company results hy DM250m (£106m), in addition to savings of up to DM300m coming from

Hoesch, he said. Rheinhauseo was once the site of a fierce hattle when steel workers took to the streets in 1988 and won its tem-porary survival. Over 10,000 workers took part in protests again last mooth after Krupp Stahl announced It was considering closing one of its many plants.

Survival chances for its steel plant in Siegen, also marked for possible closure, improved after Mr Harnisch said yesterday he was considering a minimill concept to reorganise its special steel production. The move could save an estimated 1,500 jobs for the 4,000 workers currently employed at the plant. "We think this could be a workable concept," he told the Westfalenpost, a regional

newspaper. The newspaper also cited officials at Krupp Stahl saying prospects for co-operation talks hetween their company and Thyssen Stahl and Saarstahl. the largest and sixth largest German steel producers, were

Philips to axe jobs in Belgium

By Ronald van de Krol

Phillps, the Dutch electronics group, said yesterday that it planned to cut 800 jobs in Belgium as part of a treod to prodoce andio equipment in Singapore and other parts of the Far East.

The job losses, to be spread over two years, are the first hig cuts announced sinre Mr Jan Timmer, Philips' president, unveiled plans last week to elimioate 15,000 out of 252,000 jobs io an attempt to restore profitability lo its lossmaking coosumer electronics business

The Belgian joh losses will focus on Philips' operations in Hasselt, where the company employs nearly 2,000 people and where It produces compact disc (CD) players and CD-interactive, a multi-media versioo of the CD.

Philips io Belgium said these products could be mannfactured 25 per cent cheaper in Singapore. The remaining Hasselt operations will concentrate oo more complex aodio equipment.

In Belgium, as in the rest of the world, Philips is coofronted by stagnant markets

Poland moves back on track with debt talks

Warsaw negotiator smoothes ruffled feathers of banks

to foreign commercial hanks are now expected to take on a new urgency following International Monetary Fund approval this week of a \$655m stand-hy

An initial approach was made to foreign banks repre-sented by the London Club of bank creditors early in Febru-ary after an 18-month histus. The Polish team was led by Mr Krzysztof Krowacki, formerly Poland's main trade official in Washington and recently appointed as Warsaw's debt negotiator. He defines Poland's capital markets and reduced the cost of borrowing. ment on all aspects of our debt linked to our real capacity to

pay". The \$12.1ho which Poland owes the banks is made up of capital and the capitalised interest accumulated since Warsaw suspended debt service on all hut \$1.1bn of revolving trade credits three years ago. The number of bank creditors has fallen to around 300 from 460 teo years ago as many smaller creditors have quietly sold off their Polish debt on the secondary market. Some debt was also bought back illegally by Polish officials implicated in the so-called Fozz scandal two years ago. Fozz is the Polish acronym for the now-disbanded Polish debt office.

Poland continued to service its commercial bank debt for eight years after suspending its much larger official deht to government agencies in March 1981. A decade of accumulating unpaid deht service pushed up the original \$20bn official debt to \$33hn. But in March 1991 the Paris Cluh of official creditors agreed a two stage, 50 per cent, deht reduction which was conditional on Poland receiving IMF approval for its reform policies and hudgetary disci-

The decision to suspend servicing most bank deht was taken partly on the advice of US academic advisers shortly after the collapse of the communist regime. The moveangered the banks as did the decision to stop servicing the \$1.1hn revolving trade credit only days before talks resumed with London Cluh representa-

One of Mr Krowacki's first tasks at the resumed talks was to explain Warsaw's decision. "We had to place all the debt on the same basis so that we could deal with it comprehensively," he explained. But the unilateral mova to non-performing status only days before debt talks resumed was an expensive blow for holdera

of the revolving credit. Apart from smoothing the ruffled feathers of bank creditors, Mr Krowacki also has to explain to his domestic audience wby Poland needs to reach an agreement on debts incurred under the communist regime, "Few Poles realise that we pay a hefty credit risk premium. The combination of a 4 per cent premium and wider spreads is sometimes higher than the hase interest rate

FEGOTIATIONS for a reduction in Poland's \$12.1hn (£8.5hn) debt is an important element in Warsaw's poor credit rating is an important element in Poland's relative lack of success in attracting private investment, which has been channelled mainly into Hungary and the Czech Republic. Hungary, whose per capita for-eign debt is double the Polisb level, received over 60 per cent of the \$7bn private capital which flowed into central Europe between 1990-92. Hungary's strong credit rating, sbarply declining debt/export ratio and rising reserves has widened its access to US and Japanese as well as European

> At present Poland is paying only reduced interest on its Paris Club debt. Next year it will have to pay full interest and in 1995 Warsaw will have to resume capital repayment of around \$2hn annually in addition to between \$500m and \$600m in interest payments. A Londoo Cluh agreement would require additional repayments on the bank deht.

All this has serious budgetary implications for a country

Anthony Robinson and Christopher **Bobinski** review the chequered history of debt servicing

facing a sharply rising domestic deht burden and the need to keep the budget deficit to around 5 per cent of GDP. This is the main target outlined in Poland's letter of intent to the IMF in connection with the latest standby loan.

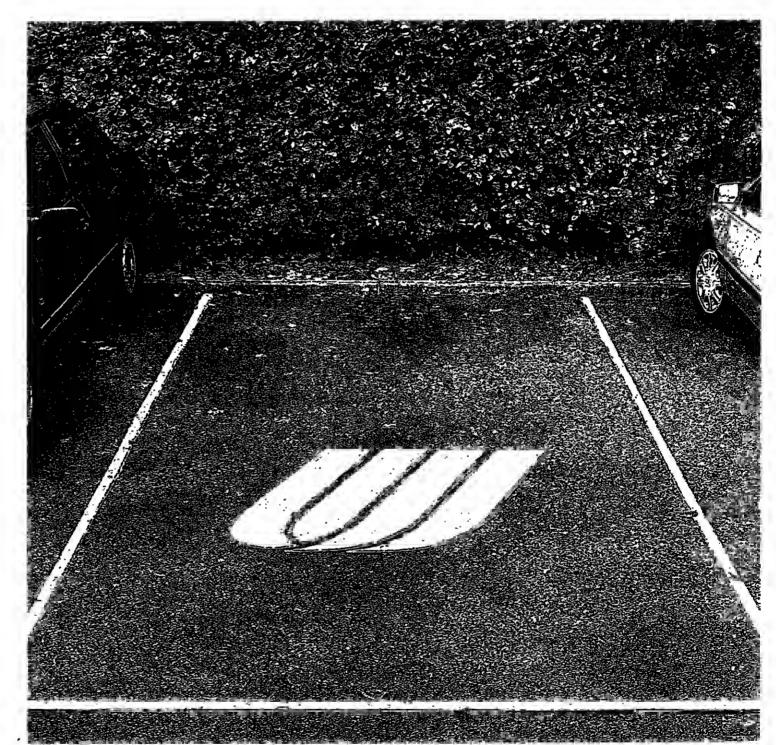
Servicing foreign and domes tic deht will consuma 12 per cent of total budget spending in fiscal 1993, according to Mr Jerzy Osiatynski, the finance minister. This will rise to around 25 per cent by 1995 if repayments under both Paris and London Club agreements have to be financed.

This will require fresh money and refinancing of existing deht oo a substantial scale. Borrowing alone will not be enough. Poland also requires further strong export growth and rising inflows of foreign equity capital.

Mr Osiatynski believes that measures will be required before long to boost exports. "I would prefer to do this through tax concessions to exporters rather than hy devaluation which feeds back quickly into inflation. But tax concessions would erode revenue and bring us into conflict with the Euro-

pean Community," be says. His words reflect the narrow margin of choice in a country which has achieved an economic transformation in three years, but badly needs a commercial debt agreement to facilitate investment on the scale required to ensure steady

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John Burton reports on South Korea's own 'Trojan Horse'

R Kim Young-sam has turned out to be a political "Trojan Horse" since becoming South Korea's president almost two

weeks ago.
Mr Kim entered the presidential Blue House under the banner of the ruling Democratic Liberal party, but he has acted more as the opposition leader he once was by challenging the political establishment.

"No one expected the breadth of the changes that Kim has introduced to aweep out the old guard," associated with the country's former military rulers, said one Western diplomat. "He's blasting away at all fronts as rapidly as possible to keep his opponents off balance."

But there are already signs that Mr Kim is provoking a backlasb. His widely acknowledged political skills may soon be put to the test as he tries to protect his reforms while maintaining the

There is little doubt that the new president has trodden on the toes of some key institutional powers.

He appointed political reformers to the Blue House and his cabinet, while largely ignoring politicians from the DLP's dominant conservative

He also named political loyalists from his minority group to head the DLP instead of choosing a cross-section of officials from the party's competing factions.

The new president bas quickly moved to impose civilian control over the military by onsting the bardline army chief of staff and the bead of military intelligence. He also ordered a purge of the once-feared Agency for National Security Planning, the country's

He appears to be settling personal scores in the process. Prosecutors yesterday sought an arrest warrant for Mr Chang Se-dong, a former NSP director who is accused of arranging attacks on rallies of Mr Kim's opposition party in

Kim's commitment to democratic reform since he opposed the military dictatorship for three decades. But many have been

surprised by the decisiveness that he has displayed in implementing change because be lacks a widespread power base, in spite of joining the ruling party in 1990.

Nonetheless, "one should not underestimate the potential source of opposition against Mr Kim," explains one seasoned political observer.

The first indication of resistance came in a series of newspaper disclosures last week about alleged past unethical actions by several of tbe newly-appointed cabinet

The printed exposes, which would have unthinkable a few years ago when the media was tightly muzzled, proved highly embarrassing since Mr Kim

Mnre than 100,000 North yang yesterday as the country went on a "semi-war" footing in response to a huge military exercise in South Korea, Reuter reports from Tokyo. The (North) Korean central news agency sald Workers Party official Choe Tae-pok addressed the raily, called in support of an order by military chief Kim Jnng-il putting the communist nation nn beightened alert.

"No one can vonch they (Seoul and Washington) will not go into a real war against North Korea while ataging the mannen vres," Choe said. Washington and Seoul say the annual Team Spirit joint military exercise is a purely defensive exercise. On Monday Kim Jong-il said

be was acting because "war may break ont any moment".

had promised to install a clean government as part of his

anti-corruption drive. He immediately sacked three The Blue House believes that

details of the transgressions were leaked to the press by the political opponents who had access to intelligence dossiers. Although a military coup remains a remote possibility, the incident reveals that

dismissed army officers and intelligence agents could play a mischievous role in creating discontent against Mr Kim. Mr Kim must also maintain

firm control over the faction-ridden DLP, although his position appears secure for the moment since most of his main rivals left the party in protest after be received the DLP presidential nomination last year. But he may find it difficult to

instil loyalty among DLP legislators if he adheres to his promise not to accept political contributions from business and distribute the funds to the party members as was done in the past.

The powerful bureaucracy could also pose problems for Mr Kim. Although many of his ministers are experts in their fields, they lack administrative experience and consequently organisations, However, Mr Kim may rely on the more savvy technocrats in the Blue House to maintain command over the bureaucrats.

In pushing through reforms, Mr Kim does have allies of potentially enormous strength One is business. Although the Seoul bourse initially reacted adversely to some of his anti-corruption measures because of the chilling effect they would have on stock trading, business leaders seem pleased with the president's programme of economic deregulation and his gradual approach toward reform of hig

Mr Kim has also gained wide public support because of his anti-corruption campaign and his democratic reforms. If Mr Kim can maintain the public trust, his may yet achieve his goal of creating a "New



Faisal Husselni, chief Palestinian peace negotiator (second from right) and colleagues in London yesterday after resuming contacts with British ministers

Deportee demand deadlocks peace process

Middle East Editor

THE Palestinians will not resume Middie East peace talks until Israel agrees to stop deporting people from the occupled territories, its lead-

ing negotiator said yesterday. Mr Haidar Abdel-Shafi told Renters in Jerusalem that the talks would remain deadlocked as long as Mr Yitzhak Rabin, Israel'a prime minister, reserved the right to deport people. Israel deported 415 Palestinians to southern Lebanon in December and has so

far refused to implement fully **UN Security Council resolution** 799 which calls for their immediate return. Mr Abdel-Shafi's assessment

nf the peace process came shortly before Britain added its diplomatic weight to efforts to get the talks restarted by meeting representatives of the Palestine Liberation Organisation in London.

Mr Douglas Hogg, minister at the Foreign Office, ended a two-year British han on top-level contacts with the PLO during talks with Mr Faisal Husseini, the leading

Palestinian in the nccupied territories, Mr Hael Fahoum, who heads the PLO European section in Tunis, and Mr Afif Safieh, its London representa-

Mr Warren Christopber, the US secretary of state, said yesterday his government would not be following the British example because of disappointment at the PLO's failure to be of assistance on terrorism issnes. "We're going to continne, at least for the time being, with our present policy," Mr Christopber said.

Britain informed the US in ing with the three Palestinians

any opposition. Israel, how-ever, complained about the resumption of British contacts, arguing that it would damage

ministerial contacts with the

PLO and did not encounter

the peace process.

Mr Yassir Arafat, the PLO chairman, hoped that the British move and an earlier Belgian decision to upgrade the Palestinian mission in Brussels signalled a more positive European role in the peace Mr Hogg said after his meet-

that thay understnod the importance of resuming hilateral negotiations with Israel "Forther movament on the question of deportation would greatly facilitate their ability to come back into the talks,"

Mr Safieh, who has been working hard for a resumption miniaterial contacts, described the meeting with Mr Hogg as "warm, constructive and very promising". Mr Husseini added: "I am

optimistic. I believe that by more work we can solve this

less-developed socio-economic

framework, in particular the equitable access of all South

Africans to all opportunities in

the economy."

During the difficult political

transition to democracy, the

government would provide a

package of measures including labour intensive public work

Mr Keys has been careful to

stress that the restructuring

proposals are not prescriptive.

But his officials make clear

that reform will begin with

next week's budget. "It may

have more teeth than people

would like to see" aays Mr

The document highlights

constraints on growth: in the

short term, a large fiscal deficit

could crowd out a private

investment revival, and bal-

ance of payments problems

will constrain growth if large net capital outflows cannot be

The longer term constraint is

the legacy of apartheid -

defects in the socio-economic

system, such as large distances

platform for debate.

Jacobs.

stemmed.

Fujitsu cuts back on new recruits as profits fall

FUJITSU, Japan'e largest computer company, is cutting recruitment drastically and shaking up management in an effort to improve its poor per-formance, writes Michiyo Nakamoto in Tokyo.

ber of new graduates it takes next year to 300 compared with the 2,200 recruits it will wel-

nomic slowdown and reflects the growing view that further cuts will be needed despite hopes of recovery soon.

face of intense competition in the computer market, and desperately needs to restructure its operations. It employs

In October the company fore-cast a 50 per cent decline in pre-tax profits tn Y20bn (£117m) on revenues of Y2.470bn but is increasingly In April the company will Introduce a management

Angola heads for long war

The Angolan government has warned of a long and bloody. reports from Lnanda.

The government army chief warned Angolans earlier that Unita possessed a "terrible war machine" and they should prepare for a long war which could cause more casualties than the previous 16-year civil

The loss of the highland capital of Huambo at the weekend dealt a double-blow to the government, bard-pressed since fighting resumed in earnest two months ago after Unita's rejection of last September's election results.

India to ease line on Kashmir

The spokeaman eald Mr Rajesh Pilot, junior home (interior) minister, had a meeting with the militants during a visit last month to high-security detention centres in the state of Jammu and Kashmir.

ish Saxena, was behind the

The softer line involves a shake-up of the local administration and more patrolling on the border with Pakistan. Talks with Moslem militants have not been ruled out.

they surrender arms and agree not to discuss secession. Cambodia curbs

timber exports

strict export quotes on sawn timber yesterday to preserve dwindling resources and curb the income of recalcitrant Khmer Rouge guerrillas, Reuter reports from Phnom Penh. A ban on the export of uncut

National Council, representing all Cambodian factions, to protect Cambodia's resources. Suharto. General Try Sutrisno,

> Transitional Authority in Cambodia (Untac), told a news conference the Funcinpec faction and the Kbmar People's National Liberation Front sought a complete han on exports of sawn timber.

government, which would have been faced with a cut-off of one of their few remaining sources of income.

Akashi used his executive powera as SNC chairman and imposed a 30 per cent reduction. He said the total volume of sawn timber exported in 1993 would be the equivalent of 160,000 square metres of unpro-

S Africa plan focuses on equality

Philip Gawith and Patti Waldmeir report on a radical economic programme

South Africa

THE South African government yesterday launched its most radical economic restructuring programme since it took power in

The programme, which reflects a new emphasis on equality, would touch almost every aspect of economic life.

It aims to increase the amount of investment in relation to gross domestic product to improve productivity and to re-establish the stable financial environment without which

It is a classic supply-side restructuring programme but with a human face, designed to make it palatable to opposition political forces whose approval must be gained if it is to succeed. Initial union reaction was positive, with a leading union economist describing the plan as a useful starting point rather than rejecting it out of hand. The changes required to effect it are enormous.

They include: • Reducing government current expenditure to 20.1 per cent of GDP in 1997 from 26.8 per cent in 1992:

· Lowering the company tax rate to 40 per cent from 48 per cent, and the individual's marginal rate to 40 per cent from 43 per cent, by 1997;
• Reducing tariff barriers on

imports to 18 per cent (possibly 14 per cent) in 1997 from 27 per

democracy, say ministers. But

government critics believe it

signals trouble for when Mr

Suharto, now 71, finally relin-

The assembly meets for 11

days every five years to ratify the government's programme

and vote for the president. Its five factions - the ruling Gol-

kar party, two opposition par-

ties, military representatives and provincial leaders – have always concurred on all eco-

Even demands by the small

nationalistic, pro-Christian

Indonesian Democratic party

for an electoral process less favourable to the ruling party

were withdrawn to avoid a

vote, an act which "shows a

maturity of democracy in our

country," says energy minister

inveators in the Jakarta

stock market have welcomed

the prospect of five more years

of Mr Subarto. After a depressed second half of 1992,

Mr Ginandjar Kartasasmita.

nomic and political issues.

quisbes power.

 Keeping real wage increases to 0.75 per cent per annum; Taking a tougher line on anti-competitive behaviour. price-fixing and collusion: Balancing the budget by

1997. (Last year's deficit represented 9 per cent of GDP); · Phasing out exchange con-Success will depend on wage

restraint from the unions and an inflow of foreign capital equivalent to 2.8 per cent of GDP in the mid 1990s, tailing off later (largely from interna-It will also depend on a strong government'a ability to

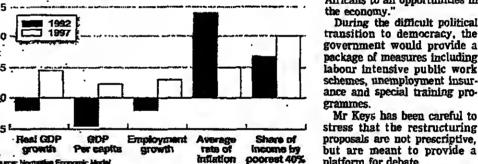
push through unpalatable reforms - at a time when Pretoria is about to hand over to a power-sharing government which could prove weak and fractious. The programme is published against a background of wide-

spread acceptance of the pressing need for fundamental economic restructuring. "South Africa cannot afford

another decade of poor economic growth, since this will only lead to greater unemployment, poverty, violence and social instability," comments Mr Derek Keys, minister of finance and the driving force behind the document, in the At the heart of the pro-

gramme is the simple assumption that levels of investment. and productivity of that investment, must be raised if South

Structural adjustment plan (%)



Africa is to meet its daunting development challenge. Fiscal and monetary discipline the improved functioning of product and labour markets and liberalised trade and financial markets are among the

programme's goals. The focus is on providing long-term solutions to structural problems, rather than short term palliatives. The approach will be gradual as the government believes the economy, and the society are too sick to survive a "big bang"

nvernment officials vice to economic reform. monetary policy and agricul-

ture - it took the deepening

acknowledge they have long paid lip ser-And while some progress has been made - for example in

economic crisis and the appointment last May of Mr Kevs. to produce a comprehensive programme. While the programme is

focused on the supply side, it makes clear that growth is not seen as being more important than equality. The document notes "the new political understanding of the nature of the South African

economy ... accepts that the

process of economic growth must be seen as but a central feature of the broader process of economic development of the country and its people." in the past they have always insisted that growth alone was enough to cope with

"What is envisaged is a process of structural adjustment in the developed market economy and a reconstruction of its

between industrial centres and labour force accommodation. and lack of education and akills which would "prevent the full participation in the growth process by the country's large developing commu-

Democracy where no one ever argues Indonesia's president will be re-elected unanimously today, writes William Keeling

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March 31, 1993 The survey will be seen by leading international business people

Chris Schaarning in Birmingha Tel: 021-454 0922 Fax: 021-455 0869 or Kirsty Saunders in London Tel: 071-873 4823 Fax: 071-873 3428

FT SURVEYS

MINDONESIA'S President the composite index has risen Subarto is likely to get 13 per cent this year. Brokers unanimous support from say foreign buying has the People's Consultative increased ahead of the election. Assembly (MPR) today when it Golkar dominated last year's elects him into a sixth term of office. The lack of opposition is part of Indonesia's "consensus"

general election for 400 of the 500 seats of the lower parlia-ment. Representatives of the armed forces, which have a political role enshrined in the constitution, fill the remaining 100 places. The 1,000-member assembly consists of the lower parliament and 500 members appointed by the government. Golkar has formed the gov-

ernment since 1971, the first election following Mr Suharto's assumption of power in 1965. Political analyste worry that this monopoly on power is stor-ing up problems for the future. Mr Cornelius Lay, a lecturer at the University of Indonesia. believes long exclusion of opposition parties from power may produce radicalism as they become disenchanted

with the political process. Mr Suharto, however, a for-mer major-general, is unlikely to relax his grip. Last week be criticised liberal democracy as failing to sustain development. He reaffirmed the military as "an inseparable part of our

He is bolstered by a track

averaging 6 per cent a year over the last two decades. The proportion of the population living in absolute poverty has fallen from 60 per cent in 1970 to under 15 per cent. Annual per capita income has risen from \$70 in the mid-1960s to over \$600 (£422) now. Mr Suharto can also point to

record of economic growth

an influx of foreign investment worth \$34bn over the last five years. Non-oll exports, driven by an increase in manufactur-ing investment, have risen from \$8.5bn in 1987 to an estimated \$21bn last year and are growing at 20 per cent a year. However, some businessmen are concerned that Mr Suhar-

to's next cabinet, to be announced within two weeks, will reverse the trend toward economic deregulation, where the government has liberalised the banking sector in particu-lar, and return to a policy of state intervention. The government is already

state-owned high-technology sector involved in aircraft. shipbuilding and munitions manufacturing. Donor egenciea complain that what the government calls deregulation has to date often

providing substantial funds for



entailed transferring state monopolies to favoured private companies, while the system of competitive tender is often disregarded by the government when awarding contracts.
On balance, however, donors and businessmen are hopeful

for continued economic growth and, with the military playing a central role, a peaceful transfer of power from Mr Suharto. As one business executive explains, possibly the most del-

smooth transition from the old generation military leaders (who fought for independence) to the new generation. There is atill, however, no apparent successor to Mr

the sole vice-presidential candidate and firmer aide to Mr Suharto, is regarded by many officials as lacking charisma. Senior diplomats believe General Wismoyo Arismunandar, deputy chief of army staff and Mr Suharto'e brother-in-law, is being groomed for the job. His appointment, how-ever, would antagonise govern-ment and military officials keen to prevent the Suharto family, already powerful in business, becoming a ruling

What is apparent, say the government's critics, is that Indonesia's 185m people will have little involvement in choosing the next leader. And the three separatist mnvements in Aceh, Irian Jaya and East Timor are a reminder that political stability is not assured. Without Mr Suharto and the depth of authority he commands, Indonesia's "consensus" democracy may begin

dynasty.

Fujitsu will reduce the numcome this March.

The move underlines the severity of the country's eco-

Fujitsu is suffering in the

unlikely to meet that forecast assessment programme, linked to managers' bonuses.

round of civil war as Unita rebels yesterday threatened to "neutralise" oil installations in the north if government forces tried to recapture them, Reuter

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New Delhi is rethinking its hard line on Moslem militants in India's Kashmir region and is working on a political settle-ment to end three years of bloody rebellion there, a government ernment spokesman said yesterday, Renter reports from

The state governor, Mr Gir-

Until now India has refused to hold talks with militants until

The United Nation's top peacekeeper in Cambodia imposed

loge, backed by the United Natinns, was agreed last September by the Supreme

It also curbed a lucrative source of income for the Khmer Rouge in an attempt to get them to abide by the pact. But UN sources say the guerrillas and the government have been circumventing the ban by setting up sawmills and exporting sawn timber.
Mr Yasushi Akashi, who heads the 21,000-strong UN

But this was opposed by the

To break the deadlock, Mr.

Hydro

to cut

4,500 jobs

ONTARIO HYDRO, one of

North America's biggest ntili-ties, is cutting staff by a fur-

ther 4,500, bringing planned reductions since late last year

to 6,000. This is part of the util-

ity's restructuring to deal with

a debt crisis and a 30 per cent

increase in power rates over the past three years.

Total payroll will decline to

23,000 mainly through attrition

liitsu ts back

gola heads

long war

a to case

on Kashmir

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ber experts at

By George Graham in Washington

PRESIDENTS Bill Clintoo and François Mitterrand yesterday called for greater urgency in helping Russia with western

Both men acknowledged that Japan's opposition to the idea of holding an emergency sum-mit of the Group of Seveo leading industrial nations before the regular summit to be held in Tokyo in July, but said that the G7 must move before that. "I don't believe we can wait until July," Mr Clintoo said

after a morning meeting with Mitterrand in Washington. Eastern Europe and the former Soviet Union. An emergency G7 meeting would probably be useful but might not be possible in the face of Japan's objections. Nevartheless, the west must move aggressively" to help Russia. which might otherwise be forced to look increasingly to arms sales as the only way of

Clinton said. Mr Mitterrand, who has advocated an emargeocy G7 maating, added that Japao appeared to misunderstand the urgency of the problems facing

earning hard curreocy, Mr

Clinton and Mitterrand stress Russia's need for aid | Ontario

At their first meeting yesterday, the two presideots also agreed on a cautious approach to the idea of committing more troops to Bosnia. Both said they were willing to increase their forces only after a peace agreement along the lines proposed by Mr Cyrus Vance and Mr David Oweo had beeo

"We accept the Vance-Owen plan. We want it to be successful. We see its imperfections but know of no better instru-

Congress was "moving in the

right direction" hot warned

that deeper cuts might be

oo the bodget resolution, which provides general ont-

lines for spending and reve-

ones. When detailed cuts are

takeo line-by-line io later appropriations bills, following

Clintoo budget oo April 5.

members of Congress are

esentation of the complete

The debate is conceotrated

counter-productive.

Trade issues, which have set France and the US at logger-

General Agreement on Tariffs and Trade was important, but

heads recently, were reserved for later discussion over lunch. but both presidents struck a conciliatory note, with Presidsot Clintoo suggesting his recent aggressive comments about European subsidies to the Airbus consortium might have been misinterpreted. President Mitterrand said

agreement on the Uruguay round of talks on updating the could not be achieved by piece-

expected to lose much of theh

cal discipline as they fight to

preserve the programmes that beoefit their own dis-

However, Democratic lead-

consensus on the budget res-

ers bave had to work towards

olotion knowing they can count only on their own party,

since the Republicans have

made it clear they will not

vote for the Chinton hudget.

and early retirement, said Mr Maurice Strong, the chairman Negotiations will begin soon with the unions. A programme to re-tube the Bruce A ouclear reactors, at a cost of nearly C\$2bn (US\$1.6bo) is being deferred indefinitely. new-found enthusiasm for fis-A Bruce heavy water plant will

> Ontario Hydro expects snr-plus generating capacity of 3,500MW ooce its Darlington nuclear plant is on full stream this summer. Demand for electricity has declined over the

past three years.
Mr Strong said about C\$10bo will be cut out of the utility's C\$30bo 10-year capital spend-

Argentine balance of payments worsens

By Stephen Fidler, Latin America Editor

ARGENTINE trade figures released this week showed the country's balance of payments position deteriorated more rapidly last year than the govern-ment has admitted.

The figures, which will be subject to one more revision before they are final, showed Argentine trade swung into a deficit of \$2.87bo (£2bn) last year after a 1991 surplus of

This sharp deterioration has raised questions about the sustainability of the government's economic pulicy, which is using the exchange rate fixed against the dollar since April 1991 and increasingly seeo as overvalued - as a central plank of its strategy to fight inflation.

The deficit was caused by a 79 per cent rise in imports last year to \$14.84bn, while exports were little changed at \$11.98bn. More worrying to some economists was the pace of the deterioratioo from the first half when there was a \$1bo surplus to the second half wheo there was a \$3.9bo deficit. Mr Geoffrey Dennis at James

Capel in New York said be expected the daficit would

Argentina

Trade balance (US\$ billion)

jump to \$8ho this year, with the rate of growth of imports slowing somewhat and that of exports rising. At just over 3 per ceot of gross domestic product the deficit would not be large in absolute terms and hard curreocy reserves were substantial - sufficient to cover 10 mooths' imports. Nooetbeless, he believed the trade position was eroding so quickly figures that a shift towards a crawling peg devaluation of the peso was required. The figures also indicated trade with the US and Brazil more than accounted for the trade deficit: the sbortfall in

trade with the US was \$1.82bn

and with Brazil \$1.75bn. They showed a relatively small pro-portion of imports were directly for consumption: capital goods and spare parts made up 38.2 per ceot of imports, semi-finished goods 34.8 per cent and consumer goods. including cars, 27 per ceot.

The government bas said the deficit will be constrained this year because of imports levies imposed in November. Mr Juan Schiaretti, trade and industry secretary, was quoted by Reuters saying latest figures from the customs service showed a substantial fall in imports dur-

ADVERTISEMENT

Fiscal fever infects congressmen

US and France seek G7 talks

By George Graham' in Washington

THE US Congress's Democratic majority is set to agree oo even deeper cuts in spending than those proposed by Presi-dent Bill Clinton.

The House of Representatives Bodget Committee is expected to vote today on a budget resolution that will make extra spending cuts totalling \$63bn (£44bn) over five years on top of Mr Clinton's own plan, which had aimed to trim government spending over the period by a

Agreement on the budget resolution is the latest stage in a fever of fiscal responsibility that has infected liberal spenders, conservative farm subsidi-. sers and fervent opponents of

President Clinton first greed on an additional \$55bn of spending cuts with Democratic party leaders in the House of Representatives on Mooday night, but further meetings on Capitol Hill

Hoose Budget Committee to expand those cuts to \$63bn, and Democrats in the Senate are working on an even larger batch of cuts.

When Mr Clinton announced his budget plan last month, it was widely assumed that he would have trouble keeping its spending cuts intact. Instead, Congressional Democrats have outdone him.

"Whan the whole process started, the issue was, would the Congress go as far as the president recommended," said Coogressman Martin Saho, chairman of the House Budget Committee. "I'm just indicat-ing we'll go further."

Tha White House is oow worried if it will be able to preserve the increased spending on infrastructure, technolegy, the environment and edocation that also forms part of the Clinton economic plan. Some conservative Democrats are seeking, in particular, to trim the \$16.3bn package to provide a short-term stimulus to the economy.

Mr Leon Panetta, the budget prompted Democrats oo the director, said yesterday that

ator Orrin Hatch, the ranking

Republican, said they were sat-

isfied there were no skeletons

in ber closet such as had

derailed two earlier candidates.

"hate-mongering campaign" to

which, he said, she had been

subject; Senator Alan Simpson.

Republican (Wyomlog).

remarked over the weekend

that confirmation hearings had

too often heen marked by

Ms Reno a commitment to crack down on domestic vio-

lence, as she had in her 15

years as a Florida state prose-

cutor. "We need to send a clear

will not be tolerated." Senator

Edward Kannedy (Massacho-

setts) urged her to work hard

for effective gun control; she said she would. Most of her

testimony was devoted to her

own life, recalling her upbring-

ing as the daughter of a Danish

age," she said, "that that

Senator Biden elicited from

Meeting The Global

Challenge The Nineties are proving to be years of change. They have already

seen the end of the 'Cold War' era, the birth of a unified Europe and a realignment of global power blocs. For Marubeni Corporation, one of Japan's leading diversified trading companies or 'Sogo Shosha', change offers a myriad of new opportunities. Company president Iwao Toriumi explains why.

Bridging 'East'

and 'West'

a European company seeking our

knowledge about the Chinese mar-

ket, and we were delighted to help.

perform the valuable function of

providing a bridge between the

strong in the Chinese market now,

positively approaching many coun-

tries in Asia, I'm pleased to say

that our particularly close rela-

tions with China are now reaping

rewards. During last calendar year,

Marubeni's turnover in China was

close to \$2,000 million. We have sev-

eral joint venture companies operat-

ing there and our chairman, Mr.

to establish 100 joint ventures io

McCulloch: Marubeni is very

Toriumi: Though Marubeni is

'East' and the 'West'.

Recently, we were approached by

ADAPTING TO A CHANGING EUROPE



McCulloch: You have urged which together produce 70 per ceot your company's staff to "Create opportunities out of change". What do you mean by this?

Toriumi: Change provides our greatest potential as well as our strongest competitor. Marubeni is global economy. a trading company and in our 1991 fiscal year, overseas trading activities accounted for 57.7 per cent of any major world development has order? a direct impact on our business, and we cannot escape this reality. We must adjust to those developments accordingly and try to turn those events to our advantage.

This is why I emphasise to our staff that we must remain committed to the spirit of innovation and discipline that has carried us desperate for imported products isn't it? through the present difficult business environment. Rather than lose our competitive edge, we have taken offer. advantage of this opportunity to reform our business structure extensively. We must be strong enough to build up our most promising businesses patiently and decisive enough to eliminate those which can oo longer be competitive.

McCulloch: What is the most important global change to have taken place in recent years?

Toriumi: Without doubt the most momentous change has been the end of the Cold War. The end Union has made the world more free but, unfortunately, less stable. The post Cold-War world rests increas-States, unified Europe and Japan— is limited.

We need the 'software' that of the world's products. Politically European business executives have however, they have so far shown less about this region. And this cooperleadership than might be expected as ation can be reciprocated. they have been coping with their own national problems and a weak

McCulloch: What are the real-and potential-opportunities all transactions. This means that for Marubeni in this new world

> Torlumi: Marubeni is a multinational company, so for us, the In this way, I believe Marubeni can opportunities offered by an increasingly "borderless" world are immense. The establishment of oewly independent countries keen to tap oew markets for their commodities, eager to develop their industries and provide ample scope for the range of goods and services Marubeni can

New Offices Opened

In addition to our 611 domestic and overseas subsidiaries and affiliates, Marubeni also operates a oetwork of over 200 offices including Kazuo Haruna, is encouraging me those recently opened in Vladivostok and Nakhodka in the CIS, and in Phnom Penh in Cambodia.

One particular opportunity this new world order presents us with is the possibility of closer cooperaof superpower rivalry between the tion between Marubeni and Euro-United States and the former Soviet pean companies, especially those dealing with the countries of the former eastern Europe. In the past, Marubeni was actively involved in ingly on the existing triangle of three these countries but now that the economic superpowers—the United order has changed, our knowledge McCulloch: I understand one of

those joint ventures involves the management of an industrial park in China. This seems an unusual activity for a trading company. Toriumi: On the cootrary, our

think it might take a little looger.

involvement with this park in Dalian is entirely consistent with our activities as a major Sogo Shosha. Through this industrial estate, we encourage other Japanese manufacturing companies to establish factories there. This creates jobs, aids in the transfer of technology and belps to expand China's manufacturing base. Some of the items produced will meet China's growing domestic market but some will also be exported to provide China with valuable foreign currency. This is not only good for the local community but also for the country as a whole.

multifacetted role you see Japan's conclusion. Sogo Shosha playing in future?

Toriumi: The term 'Sogo Shosha' means diversified business conglomerate, and so, in ooe sense, we are already multifacetted.

Over the past few decades the major trading companies such as Marubeni have been continually expanding the menu of goods and services they provide to include commercial and industrial intelligence, finance and investment. consulting and syndicating skills, risk management, and even engineering activities.

In our case, in addition to promoting export-oriented industries in areas such as energy, metals and agricultural commodities, Marubeni bas also built container terminals, supplied telecommunications systems, and even belped finance the purchase of aircraft for a oew airline established in Taiwan.

McCulloch: But trading remains Marubeni's key business activity. Do you have any concerns in this area? Toriumi: Of course, my most

immediate wish is for an economic recovery. The recession both in Japan and abroad is making our business extremely difficult and I'm hoping that we will see signs of a recovery within this year. If oot, next year the conditions will be even more

However, another development which disturbs me has been the formation of powerful economic and political trading blocs such as the EC and NAFTA. There are even Asia should form their own trading

Such groupings have the poteotial to become protectionist, to cut their members off from the forces of true market competition, despite their creators' intentions to the China within the next five years! I cootrary.

'Free' Market Plea

As far as Marubeni and the other Sogo Shosha are concerned, the only way for us-and for Japan -to survive is through a free, fair and opeo global trading system, but the world seems to be moving in the other direction. If we look beyond Japan to the countries of Asia, especially those of ASEAN together with China, Korea and Taiwan, most of these countries are now enjoying good economic growth and stable political environments. But oone of these successful countries can stand alone, independent of the gathering streogth of ecocomic trading blocs. If, through the creation of these regional trading blocs, the doors to the major US and European markets are closed, how can these countries survive? I am coocerned about this trend and hope that the present Uruguay Round of trade negotiations is McCulloch: Is this the kind of brought to a speedy and equitable

McCulloch: I understand Marubeni has recently launched a new corporate action plan called 'INNOVATION-93". What are the plan's objectives?

Toriumi: This plan comes under our "New Five-Year Master Policy" launched in 1990 and it emphasises the optimum and preferential appropriation of our management resources. Worldwide, the Marubeni Group employs over 52,000 people. and it is vital that each member of our staff adjusts their thinking to overcome the "fast change" that is our most challenging and constant

McCulloch: You believe strongly that Japan has an important role to play in world affairs. What led you to this opinion?

Toriumi: It was probably the many years I've spent outside of Japan. I lived in Vietnam for three years in the early 1960's and then spent another seven in Indonesia. More recently I was president of Marubeni America Corporation for three years, from 1988.

Japan's International Role

All of this experience opened my eyes to observe "What is Japan?" and "How should Japanese people play a positive role internationally?" This is becoming more important because it is now time for us-both as suggestions that the countries of a corporate entity and as Japanese people-to take innovative initiatives as we respond to the challenges of an increasingly interdependent world. That is, interdependent economically, environmentally, and in terms of national and global security. It is time for Japan to define its role and present its case internationally.

Marubeni **CORPORATION**

Tokyo Head Office: 4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-88, Japan Osaka Head Office: 5-7, Hommachi 2-chome, Chuo-ku, Osaka 541-88, Japan

Reno promises to be tough on violent crime

By Jurek Martin

MS JANET Reno promised pe a tough i ney-general wbose priorities would be "attacking violeot crime, drug trafficking and public corruptioo". She told the Senate judiciary

committee at the opening of her confirmation hearings she would ansure civil rights laws and rules protecting the environment would be rigorously enforced. Polluters should be "forced to clean up the mess they have left behind".

Ms Reno would be the first woman attorney-general if confirmed in office. This appeared in little doubt yesterday, as the committee greeted her with applause and initial question-ing from senators of both parties revealed little controversy about her background and

Senator Joseph Biden, the immigrant who became a Democratic chairman, and Sen- oewsman in Mlami.

Crucial vote on cheque tax

Stormy start for Brazilian minister

By Christina Lamb in Brasilia

BRAZIL's new finance minister was yesterday set to unveil his strategy for dealing with 30 per cent moothly inflation and attempt to lift the crisis surrounding the government of President Itamar

Mr Eliseu Resende, in his first public pronouncement since taking office, was expec-ted to announce his new team to the Senate and seek to win support for a new tax.

Mr Resende, who took over last week, has been greeted with an unusually negative ics".

Not only is he the fourth finance minister in just five months but his background is in past military regimes when he was behind some billion dollar development projects today considered white elephants sucb as the Transamazonica a highway through the world's

largest rain forest. Moreover the ecocomic turmoil provoked by last week's dismissal of Mr Paulo Haddad, the previous finance minister, and the resignation of the entire central bank directorate and bead of privatisation, heightened this week with the year's budget.

leaking of a radical ecocomic plao which Mr Haddad was said to have been considering while if office.

According to Mr Haddad, the supposed plan, which included a price and assets freeze, privatisation of 90 per cent of state assets in 45 days and compulsory lengthening of terms on treasury cotes, was a study he rejected last December. In a thinly veiled reference to Mr Franco's aides. Mr Haddad claims that It was leaked in an attempt to discredit him and justify his dismissal by "people who know nothing of econom-

The controversy, along with remarks by Mr Franco that be wants some economic plan in place by the end of April, has increased speculation over a fortbcoming price freeze or price controls as the only measure which will have an immediate - if shortlived - effect on inflation.

However, the political crisis surrounding Mr Haddad's demise may harm the government's chances of approval in today's final senate vote for a new tax on cheques. Expected to raise \$7bn, it is seen as the only bope for balancing this

Poorest LDCs

face decline,

UK hits at Japan on liquor taxes

By Michiyo Nakamoto In Tokyo

THE UK has complained to Japan over the latter's failure to comply with a Gatt ruling made in 1987 on its liquor taxa-tion system which discriminates against imports. Mr Ricbard Needham, minister of state for trade, yesterday expressed his concern in a meeting with Mr Ichiro Aisawa, parliamentary vice-minister at the Ministry of International Trade and

industry.
Mr Needham was adding the UK's voice to growing EC criticism of Japan over the discriminatory taxation system which still remains despite the Gatt panel ruling. Criticism that it has failed to comply with Gatt recommendations comes at a sensitive time for Japan, which is moving towards a more Gatt-oriented trade policy.

The Japanese government, under growing pressure over trade from the US and EC, has said it was more likely to refer to Gatt in trying to resolve thorny issues, especially where US retaliation was likely.

In 1989 the Japanese government made some changes to its liquor taxation system by, for example, removing the difference in taxes between local and imported liquor. But the EC has become impatient after waiting five years for Japan to remove the last tax areas plac-ing imports at a disadvantage. A substantial differential still exists between Japanese shochu, a potato-based liquor. and whisky and brandy. The

taxatlon differential between one class of whisky and a certain class of shochu, for example, is nine times. The EC is also concerned about a move in Japan to introduce another tax category for low strength wbisky: mizuwari, or whisky diluted with mineral water. The EC formally requested

Japan to comply fully with its obligations under Gatt at the last EC-Japan ministerial meeting in Brussels in January. Japan does not believe it has failed to implement the Gatt recommendation.

Last-minute decision by former US trade representative

Hills ordered dumping laws study

By Nancy Dunne in Washington

STRONG complaints by US exporters led Mrs Carla Hills, the former US trade representative, to order a controversial two year study of the US dumping and subsidy laws just five days before leaving office, according to Mr Julius Katz, Mrs Hills' former deputy.

The trade representative's staff bad for many months discussed having the bipartisan International Trade Commission take "e good, hard look" at the effects of the "unfair" trade regime in a balanced, non partisan way, Mr Katz said. Because this would be unpopular in the Congress, it was felt that Mrs Hills could more easily make the request than her successor, Mr Mickey Kantor, just starting his term in office and anxious to maintain good relations with Capl-

OECD Export Credit Rates

ration and Develop

officially-supported export

credits for Mar 15-Apr 14 (Feb 15-Mar 14 in brackets):

ed new ım interest rates (%) for

8.55 (9.01)

8.99 (9.20)

7,55 (7.95)

12.22 (12.75)

4.70 (5.00)

12.78 (13.47)

6.43 (8.83)

(5.93)

7.70

(OECD) anno

French franc

Guilder up

5-8.5 years

more then

8.5 years

Italian lira

Sterling

Swiss franc US dollar for credits

5-8.5 years for credits of

over 8.5 years

Yen



lenge the anti-dumping and subsidies findings.

"We had no political reason for calling for the study," Mr Katz said. The proposal – for an in-depth look at the effects of dumping and subsidies as well as the impact of the subse-

US is insisting on amending

the final negotiating text which would make it easier for

exporting countries to chal-



Julius Katz: 'We had no political reason for calling for the study'

my - came from the office's of the Democratic chairman of career staff

quent duties on the US econo- oned without the intervention the International Trade Com-Mrs Hills apparently reck- mission. Mr Don Newquist last week sent the proposal for the study to Mr Kantor, giving him 90 days to shelve it if he wishes. He has yet to comment on the matter.

A spokesman for Mr Newquist said the Trade Representative's Office had failed to perform the detailed consultations with the FTC usual when atudies were requested. He suggested that the budget-cutting Clinton administration might have different priorities, and the agency was already loaded with a time-consuming

study agenda. Mr Katz said Mrs Hills had called the chairman about the study and bad spoken with his counsel, Mr Fred Beavers. After the call it was decided to stretch the timing of the study from 1994 to 1995, to keep it separate from election year politics. Mr Beavers said Mrs Hills had simply informed him of the study without asking for Commission suggestions.

mance of LDCs, which have a total population of 500m, compares with growth averaging 2.5 per cent a year between 1985 and 1989. LDCs have also lagged behind developing countries as a whole, whose output rose by over 3 per cent in 1991. tionship". The MTO, first proposed by the EC and Canada in 1990, would subsume The Unctad report highlights big divergences in performance between LDCs. In many coun-tries afflicted by civil war and Gatt and envisaged sister-bodies on ser-

By Frances Williams

PER capita incomes in the very

poorest developing countries

years and fragile economic

reform programmes are threat

ened by recession and inade-

quate international support,

the United Nations Conference on Trade and Development said yesterday.

In its latest annual report*

on the 47 least developed coun-

tries, as defined by the UN.

Unctad projects a 1.4 per cent increase in total LDC output

this year, after no growth in 1991 and a slight decline in

1990, but expects par capita

The recent economic perfor-

incomes to show a new decline.

natural disasters, auch as Somalia, Afghanistan, Liberia, Mozambique and Ethiopia, "the development process has come to a virtual standstill". Elsewhere, some more politi-cally stable countries have achieved respectable growth

says Unctad rates and raised per capita incomes, including Botswana, Lesotbo, the Maldives, Nepal, Bangladesh and Uganda.

But Unctad, main UN forum for debate of north-sonth issues, says external factors have also been responsible for the LDCs' problems. The reces-sion has limited trade, falling commodity prices have cut revenues, and private remittances from abroad, a big source of foreign exchange for some LDCs, have declined due to foreign labour cuts in industrialised and developing countries.

Rich countries, it adds, have failed to fulfil pledges made in the UN action programme for LDCs agreed in 1990, including increased aid flows, action to tackle LDC indebtedness (most of which is owed to governmenta) and measures to improve LDC access to industrial markets.

The report notes fears that eastern Europe's financing needs may further reduce the resource pool for LDC develop-ment. Failure by the west to support painful reforms in LDCs risks halting or reversing the process, with far-reaching consequences including "social and economic collapse, ecological damage, food insecurity. and huge population displace-

*The Least Developed Countries: 1992 report, UN Sales No. E.93.11,D.3. \$70

EC defends new trade group plan

By Frances Williams

EC officials yesterday launched an attack on environmental groups' claims that pro-posals for a Multilateral Trade Organisation (MTO) would weaken countries' ability to protect the environment.

In a strongly-worded letter to the World Wide Fund for Nature (WWF), e prominent opponent of an MTO, Mr Tran van Thinh, EC ambassador to Gatt, said the MTO would be a democratic, rules-gov-erned body taking decisions by members' consensus. It would not be, as WWF and others had implied, a supra-national body with powers to impose policies on weaker. developing countries, Mr Tran added. "The Uruguay Round agreements will

neither prevent governments protecting the environment nor force on them policies hampering their development." Existing exceptions in Gatt to protect human, animal or plant health would be strengthened. The MTO would offer "a continuous negotiating forum to develop further the trade and environment rela-

vices and intellectual property, enforcing trade rules with tighter disputes proce-Trade officials in Geneva said yesterday that several governments planned to follow the EC in rebutting what they see as a

misleading campaign by the WWF and other groups against the MTO and related draft accords under discussion in the Uruguay Round.

Turkey and Azerbaijan sign oil pipeline accord

By John Murray Brown in Ankara

Mr Sabit Bagirov, Azerbaijani

oil minister, ends months of

uncertainty about the route of

the proposed \$1.4bn (£980m) pipeline to take Azerbaijani

6.87 (7.26) TURKEY and Axerbaijan These rates are published monthly by the Financial Times, normally around the middle of each month, A premium of 0.2 per cent is to be added to the crade rates when fixing at bid interest rates may not be fixed for longer than 110 days. yesterday agreed to build a pipeline from the Baku oil-fields to the Turkish Mediterranean. The deal, signed in Ankara by Mr Süleyman Demirel, Turkish prime minister, and

bid interest rates may not be fixed for longs than 130 days.

SDR-besod rates of interest are the seme for all currencies but must be used only for the OECD-defined poor countries. For the period from Jan 15 through July 14, the SDR-besod rate will be 7.55 per cent, It replaces the provious rate of 8.1 per cent. The SDR-besod rate will again be subject to change on July 15.

crude to western markets, Yesterday's accord envisages a route via Iran and the small Azerbaijani enclave of Nachievan before ending at Ceyhan on the Turkish Mediterranean, using the existing twin Iraqi pipeline now closed because of UN sanctions against Baghdad.

Last month a consortium of Botas, Turkey's state-owned pipeline company, and Azerbaijan's state oil company. together with BP and the US oil and engineering groups



ott, concluded a feasibility

In The High Court of Justice No. 00873 of 1993

MORETIME LIMITED AND IN THE MATTER OF

THE COMPANIES ACT 1985

desed 3rd day of March 1993 confirming the

dated 3rd day of March 1993 contaming un-tedestriou of capital of the above-named Company from £40,000,000 to £2,750 and the Minute approved by the Court aboving with respect to the capital of the said Company as altered the accornal particulars required by the

above-monthoned Act were registered by the Registrar of Companies on the 4th day of March

Notice of Appointment of John Administrative Receivers GEARO AND HARRESON JO INFRY

LIMITED

Registered number: 1739669. Nature of

Registered number: 1799069, Nature at business: Joinery, Trade elassification: 09. Date of appointment of Jaint Administrative Receivers: 26 February 1993. Name of person appointing the Administrative Receivers: Lloyds Bank Plc. Joint Administrative

Receivers: M Indels and NI Yooght (office holder Nos 002104 and 006339). Address: Coopers & Lybraed, 9 Ossyfrians Road, Reading, Berkshire ROI UG.

Notion of Appointment of John Administrative Receivers JACKSON BRASSWARE LIMITED

Notice of Appointment of Joint Administrative Receivers ON TITE WATERFRONT LIMITED

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Name of person appointing the Administrative
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Administrative Recovers: JM hedde and N Vooght (office bolder Nos 002108 and 008339).
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Solicitors for the mid Company,

Chaptery Ordena Mr Registrar Backley IN THE MATTER OF THE LIMITE

High Court of Justice C

The agreement leaves the door open for Kazakhstan, an Important oil producer, and Turkmenistan, a large gas producer, to join. The 1,060km pipe will bave 40m tonnes capacity, Azerbaijan accounting for 25m tonnes, with the balance used by Kazakhstan.

s projected to increase to 40m tonnes by 1996-97. Kazakhstan is planning to export its production via a

Azerbaijan's output is esti-

mated at 10m-12m tonnes, but

pipeline to Russia's Black Sea port of Novorossysk. Last month the Turkish Foreign Ministry signalled its disapproval of the Kazakh plan. Under the 1936 Montreux convention, ships have unhindered passage through the Bosporus. But Turkey has warned that the increased tanker traffic could impede shipping, already congested with the opening of the Dannbe-Rhine Canal and the growing demand from the

new Black Sea states.

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Dated: 4 March 1993

CTE Hayward Joint Liquidator

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Mottad Insurance Limited and Municipal General

Insurance Limited applied to the Socretary of

State for Trade and Industry on 24th February

1993 for his approval, pursuant to section 51 of

the Insurance Companies Act 1982, to business and

Corthill Insurance Public Limited Company all

their respective injetts and obligations ander

the Insurance Companion Act (982, to Iransfer to Coroball Insurance Public Limined Company all thoir respective sights and obligations ander motor polician written for them by Automobile Association Insurance Services Limited in the United Kingdon Prior to the close of business on 30th September 1992.

2. Copies of the Santescont of Particulars of the proposed transfer are switched for inspection at 25/27 old Queen Street, Westminster, SW111 9HN, Monday to Friday, from 9.00 on to 5.00pm when particulars may be inspected until 31st March 1993.

3. Written representations concurring the transfermacy be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Department of Trade and Industry, London, SW111 0NN before 30th April 1993. The Secretary of State will our decorrante the application until after considering any appreciations made to him before that date.

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FINANCIAL TIMES WEDNESDAY MARCH 10 1993

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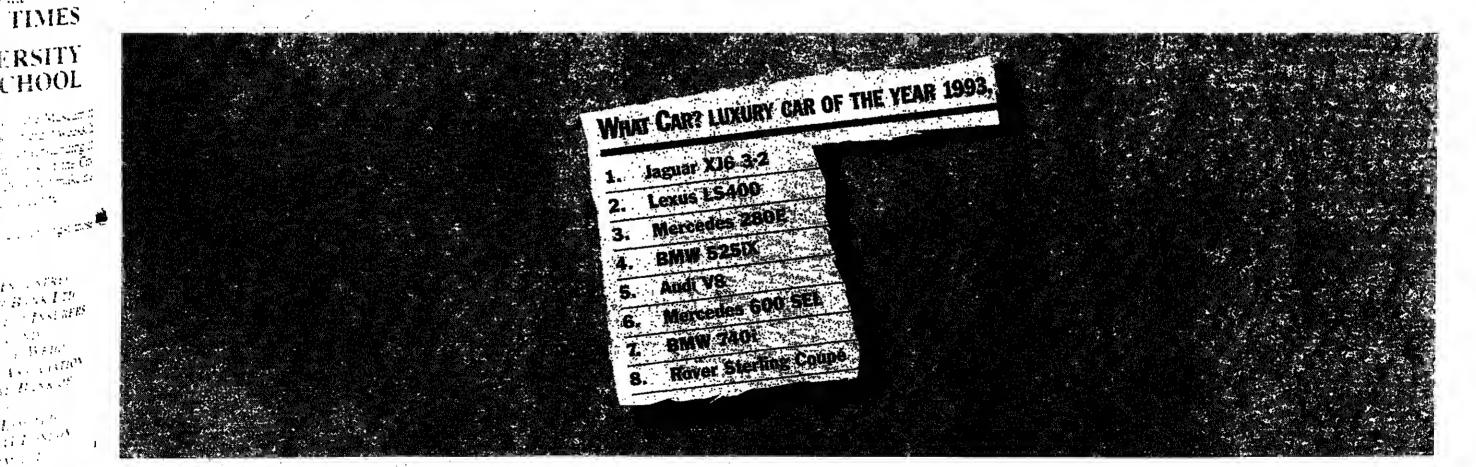
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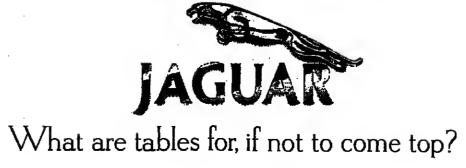
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A STAN





By David Goodhart.

SOCIAL STABILITY in Britain could be threatened if pay increases take priority over jobs when recovery gets under way, according to Mr Howard Davies, director general of the Confederation of British Indus-

Addressing a private meeting of senior industrialists earlier this week, Mr Davies warned that an acceleration of wage increases, prompted by skill shortages, could produce high inflation alongside high unem-

"In those circumstances one has to have some concern about social stability," he said. He also stressed the responsibility of employers in achieving a better trade-off between pay and jobs.

Employers have a key role to play, hy seeking growth opportunities, not just headcount reductions, and by investing in their workforces . . . Businesses can only afford to do that, and will only be able to expand their markets, if they pay realistic

Mr Davies also criticised executive pay in the UK, "The recent record on senior management pay is not easy to defend in all companies," he said. He pointed to the fact that pay awards for directors of between 4 per cent and 6 per cent in the last half of 1992, compared with 2.5 per cent to 4.5 per cent for employees over-

While welcoming the general trade unions.

fall in the size of pay increases, Mr Davies said UK labour costs

were still not as competitive as they needed to he and that real earnings for those in work had continued to riae throughout the recession.

Pointing to the continued

prominence of the inflation rate in wage negotiations, he also said: "I am left with an uneasy feeling that we may have been here before, 10 years ago for example, and that we've let things slip away

Although Mr Davies was crit-

ical of the uneven distribution of the "pain of the recession" and said a slower growth in living standards would have meant fewer people out of work, he only tentatively welcomed workers' recent agreement to trade off a pay cut against job security at Sheffield city council.

"In the long run I would prefer the council to the do the same work, with fewer people, at a lower cost," he said. • Tha Confederation of British Industry said yesterday that more companies should consider withdrawing from collective bargaining.
Mr Robbie Gilbert, CBI direc-

tor of employment affairs, recommends in a paper on pay setting that companies consider increasing the proportion of employees on short-term and fixed contracts and locking labour costs into pay deals of more than one year.

He also said mora British companies should consider withdrawing recognition from

Consumer group urges EC postal regulation

By Michael Cassell, **Bualnesa Correspondent**

A TOUGH regulatory regime will be essential tn ensure a universal European postal service is not exploited by monopoly operators, according to the Consumers' Association.

An EC consultation ducu-

ment nn developing a single market for postal services has suggested the gradual liberalis-ation of cross-border and direct mail services in Eurnpe. Althnugh many services

would be open to competition, some areas of activity could be The association says the proposals will require a regulatory

framework to ensure that market power banded to particular operators "is not exploited in terms of price, quality, avail-ability and redress provided". An EC suggestion that per-sistent failure to meet service targets might result in sanctions against operators

including the linking of permit-

ted price rises to quality tar-

association.

gets - is also welcomed by the

A survey of UK postal users conducted by the association as a preliminary in firmulating its response to the consultation document, shows that present balance nf quality of service and price.

MANUFACTURERS may be

higher costs sparked hy ster-ling's devaluation, according to government figures released yesterday.

A hig jump last month in the

prices of materials and food purchased by manufacturers has raised fears of inflationary pressures. It was also accompa-

nies are passing on more costs to their UK customers, possibly to rehuild profit margins.

Last month prices at the fac-

tory gate of manufactured goods excluding food, drink and tohacco - items whose prices fluctuate with tax changes - rose by 2.7 per cent compared with Fehruary last

That is the same year-onyear rate as in January, and above the comparable figures of 2.4 per cent recorded in

Prices including food, drink and tobacco increased by 3.7 par cent in February compared with 12 months previously. That is up from a year-on-year 3.6 per cent in January and is the highest yearly rise since last April.

Materials and fuel purchased hy manufacturers rose 0.5 per cant in Fehruary compared with the previous month, the same as between December

December and November last last year and January. The rises have been hlamed partly on higher import prices following the 15 per cent fall in sterling since last September when Britain left the European exchange rate mechanism.

The year-on-year increase in input prices last month was 6.9 per cent, unadjusted for seaaonal variations. That is up from a revised increase of 6.3 per cent in the year to January, and is the highest year-onyear rise since May 1989.

The figures, released by the Central Statistical Office. underline suggestions that inflation as measured hy wholesale prices of factory gooda may climb later this year in reaponse to higher

nport costs. Labour costs, meanwhile, are rising only slowly. Many workers have agreed low wage settlements, partly due to continuing recessionary conditions and fears about

February, prices paid by manufacturers for materials and fuel have increased by 9.2 per cent. The increases bave particularly affected companies in the metals, food and chemicals husinesses which import large amounts of raw materials.

Allowing for seasonal variations, prices of materials and fuel rose 1.4 per cent in February compared with January, after 0.7 per cent the previous

Britain in brief

Protestors blockade imports of French fish

By Jimmy Burns in London

BRITISH fishermen yesterday prevented French fish from being unloaded for the second day running in the latest stage of a growing EC dispute over cheap imports.
The hlockade at Grimbsy,

the east of England port, followed a separate protest on Monday at Peterhead, Aherdeenshire, where Scottish trawlermen poured diesel oil into the hold of a Russian fac-

The incidents coincided with further protests by French fishermen against cut-price imports, prompting a violent clash between fishermen and riot police outside the fish market in Nantes.

According to the National Federation of Fishermen's Organisatinns, representing most fishermen in England and Wales, UK fisbermen are frustrated by government fishing restrictions, cheap imports from Russia and Norway and an increase in fish landed by EC boats in the midst of a

Mr Barry Deas, federation secretary, said: "We are operating against weak demand. What we really need are tight quantative controls on the amount of fish coming in." Mr David Curry, minister for

fisheries, accused trawlermen of simplifying the problems of the industry. He warned that protest action would undermine the gnvernment's Peterhead as "totally silly" at a attempts to argue its case time when British ministers

PRIME minister John Major

overshadowed Mr Ian Lang, Scottish secretary, in the Com-mnns yesterday when he

By James Buxton

and David Owen



Fishermen in Grimbsy, eastern England, prevent a truck unloading French fish yesterday following complaints at cut price imports

within the EC. "It may be that imports are playing some role in the problems of the market place at the moment. But that is not the only factor, British fishermen are landing too much fish simultaneously. They are over-supplying the market," he said. The minister described the

asserted he bad "no reason to

doubt that water privatisation

in Scotland will he effective

"Privatisation means a bet-ter, more efficient service for

the cnnsumer and nn mnre

and efficient, as elsewhere."

protest actions in Grimshy and

Privatisation hint eclipses Scottish reform

tion MPs.

were urging their French coun-terparts to take measures to protect British lorries.

This protest action is symptomatic of an industry that, whatever the problem, thinks that somebody else is to hlame. There is no justification for it all," he added.
The complex issues facing

the fishing industry were highlighted last night hy Mr Philip

greeted dismissively hy opposi-

Mr Tom Clarke, Lahnur's Scottish spokesman, described it as "sheer tokenism, talking

ships and timld and tired poli-

cies." Mr Alex Salmond, the

Scottish National Party leader

whn was jeered heartily by

Labour in striking a deal with

night's Maastricht vote, said it change.

Ahacus Frozen Foods, the importer of the Russian fish destroyed by Monday night's action in Peterhead.

Mr Greig said Russian cod was heing imported in exchange for locally fished haddock and wblting and warned that further protest action would force the closure of his factory with a damaging effect nn local fishermen.

The package of measures

unveiled by Mr Lang aims to

improve parliament's handling nf Scnttish affairs partly by

transferring mnre powers the Schttish Office. It is

intended both to enhance Scot-

land's status in the United

tive of the Scottish North East fish producers organisation said he could not rule out the possibility of protest action spreading to other British

"I can't say this won't happen again," he warned. "There is a very strong anti-govern-ment feeling. Fishermen see themselves more and more regulated, and see nn light at the

pensioners Payments from the govern-

ment's £2.5m emergency fund to belp the pensinners whose fund was raided by Robert Maxwell, the late media mag-

step in because trustees for the Mirror Group Pension scheme are blocking a proposal that would allow Maxwell company pensinners to start drawing mnnthly payments on the £188m Cnmmon Investment Fund which holds the assets of all four schemes.

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Red Direction

Contracts call for officials

Britain's most senior government officials should be put on five-year contracts and held to account for their performance in policy-making, according to Mr Graham Mather, president

the free market think-tank.
In a submission to the Treasury and Civil Service Select Committee, Mr Mather said Sterling's departure from the Exchange Rate Mechanism and the collapse of BCCI had raised issues about the conduct of officials.

Schools face

The prospect of industrial action in schools in England and Wales after Easter has grown after members of the 190,000 strong National Associ-ation of Schoolmasters Union of Women Teachers voted overwhelmingly to boycott the assessment and testing associnational curriculum.

Lifeline for threatened pit British Coal is to invest £7m

immediately in Wearmonth colliery, one of the 31 pits whose closure was announced last October. The investment at the pit, one of four ear-marked in the original clo-sures announcement for moth-halling, increases hopes among its 800 miners that their pit will be saved.

the blind

tronic newspaper of its kind in Europe for the blind and visually impaired. The entire text of each copy of the Guardian newspaper will be broadcast by teletext and stored in a personal computer. With the help of a voice synthesiser a hlind headlines and articles.

appeared in indicate the gnvsubsidy from the taxpayer," he ernment had decided to press said. His comments came just ahead with privatisatinn of the minutes before the Scottish secretary's much-hagged st Questinned by a Scottish ment nn the government's 'tak-National party MP, Mr Major ing stock' exercise.

Generators advised to sell | Vauxhall defends off surplus power stations UK car pricing

National Power and PowerGen, the main generators in England and Wales, that they offer for sale 11 power stations they plan to close either fully or partially later this month. Professor Stephen Littlechild, the regulator, said putting them on the market would provide protection against a big generator closing economic plants so as to drive up the price of electricity and, thus, the profitability of other plants.

National Power, the larger of ronment would suffer.

costs would rise and the envi-PowerGen said it did not rule out selling one of its four plants. City analysts, however, said it was unlikely that either company wanted to sell its

Prof Littlechild says power stations should be sold off National Power's robust sidering referring the generators to the Monopolies and

defence of its actinns risks antagonising the regulator, who has already said ha is con-Mergers Commission and will decide by 1995. Analysts believe it unlikely

he will make a reference. They think he will seek a change in

the generators' licence, which

would give him powers to

National Power's stance is a

buy surplus plants, and arguably to the coal industry. Mr Chris Rowland, a director of Cabah Energy, said his com-pany was interested in buying plants at five National Powerowned coal-fired stations with a 1,200MW generating capacity.
"If we acquired all five we would he using 2.5m tounes of coal a year." he said. That constitutes the production of up to two of the 31 threatened pits. Prof Littlechild's recommendation followed publication of a report by Touche Ross, an accountant he had appointed as independent assessor on the closures. He endorsed its finding that while both companies' decisions to close plants were reasonable, several "credible

organisations" were interested in purchasing stations. Prof Littlechild also said the generators should consider selling viable plants.

National Power said it would consider on their merit individual hids for plant not sched-uled for closure. The 11 stations due to closure have a total 2,263MW capacity - of which 1,737MW is coal-fired.

the government on Mnnday demands for constitutional

Mr Lang's statement was amounted to "a constitutional

charade,"

By Kevin Done, Motor Industry Correspondent

NEW CAR prices in the UK are now lower than in several othar European countries according to a report published yesterday by Vauxhall, the UK subsidiary of General Motors of

Vauxhall published the study, prepared by management consultants A.T.Kearney, in an effort to avoid action hy the government to force car manufacturers to change some of the controversial terms of their franchise agreements with dealers.

The motor industry's selective distribution system, which allows carmakers to sell vehicles through exclusive networks, has been hlamed by for making UK car prices higher than in many parts of Europe. The investigation of car mak-

ers' pricing policies across Europe is set to intensify over the next two years, as the present 10-year "block exemption". which allows car makers to use a selective dealer distribution system in contravention of European Community competition rules, is due to expire in

It is understood that carmakers in the UK have rehuffed a request made last year by the Office of Fair Trading to change some of the more restrictive terms of their dealer

franchise agreements.

The changes had been rec-ommended in a report puh-lished last year by the Monopolies and Mergers Commission. it is understood that the OFT has recommended that the DTI will have to take action to force implementation of the MMC report's findings. The MMC report recom-

mended the removal of any restrictions on franchised dealers which limit the dealers' freedom to advertise outside their territory, or limit dealers' freedom to hold or acquire dealerships from other car makers outside their territory.

Vauxhall, which ranks second in the UK new car market, yesterday urged other carmakers to prepare a new action plan to establish "com-mon ground" with the OFT, which could allow changes in franchise agreements that would be "compatible" with present BC regulations.

Rolls-Royce set to cut aerospace workforce

By Paul Betts, Aerospace Correspondent

ROLLS ROYCE, the aeroengine and industrial power group, is likely to cut between 3,000 and 5,000 jobs this year because of the continuing deep recessinn in the aerospace industry.

The company is expected to announce its latest restructuring plans tomorrow when it reports its financial results. The new wave of heavy job

cuts follows sweeping restructuring during the last two years in which 12,000 jobs were lost throughout the grnup. Rolls-Royce, which employed 64,200 at the end of 1990 -36.500 in aerospace ~ employed around 52,000 at the end of last year, with aerospace accounting for just

under 30,000. Most of the latest joh cnts are likely to be concentrated in aerospace, which accounts for about 60 per cent of the group's £3.5hn (\$5hn) annual turnover, The company, like its two principal US competitors, Gen-

eral Electric and Pratt & Whitney, has suffered from the combined effects of the decline in defence spending and the sharp recession in the civil aviation industry which has led to airline customers cancelling or deferring engine orders. Rolls-Royce has had to maintain heavy research and devel-

opment spending to produce the Trent, the new big civil engine which will power the new generation of large wide-bodied jet aircraft. Analysts expect Rolls-Royce

to report 1992 pre-tax profits of £50m-£90m tomorrow and cut lts dividend.

Middle East export guidelines face scrutiny amid claims that convicted businessman had links with MI5

Judge to examine government papers on arms sales

Law Courts Correspondent

ONE OF Britain's most senior judges is set to examine confi-dential government papers about defence exports to the Middle East after hearing that a businessman convicted of conspiring to ship artillery fuses illegally to Iraq had also worked for Britain's security

military equipment to Iraq. He was given a one year

Peter Clarke, told Lord Taylor and two other appeal court judges that Mr Grecian had supplied information to both MI5 and MI6 in the late 1980s. The information was passed to the Fnreign Office and discussed with King Hussein of

ing company was based at Reading, west of London, pleaded guilty along with three other men to conspiracy to evade export controls after the

sitive information about trad-ing with Iraq should not be put before a jury.

by defence lawyers. Brian Mason, Ordtech'a former engineering director, Mr Wil-liam Blackledge of Preston, Lancs, and Mr Colin Phillips of

Crown Court, Cuatoms and han on arms exports to Iraq and supply fuses for 155m

general, stated they were des-tined for Jordan, the trial

The four men had maintained that the British authorities had been aware of their

which documents can be handed over directly to defence lawyers and which should be left to the Lord Chief Justice to decide on their disclosure.

The Ordtech case is also believed to be being considered

hy the official inquiry headed by Lord Justice Scott into Britain's defence trade with Iraq.
The inquiry was prompted

hy last autumn's collapse of the Matrix Churchill trial when three businessmen were acquitted of evading export

admits credit card errors

National Westminster Bank admittad that thousands of payments on its Visa credit cards had heen switched among accounts. It said it was unsure if it would be able to identify the errors unless each customer complained.

The hank said it believed "human error" was to blame for the application of payments to the wrong accounts which had taken place in Jannary. It was correcting errors as customers complained ahout over- or under-payment

The mix-up follows mistakes over payments on credit cards from NatWest and other banks last August. These occurred when First Data Resources, which processes transactions on several hanks' behalf. changed computer software.

Trust to pay

nate, will be taken over by the charitable trust chaired by Sir John Cuckney, in order to prevent hardship once the "drip feed" fund runs out.

The Cuckney fund had to.

of the European Policy Forum,

test boycott

Newspaper for

The Royal National Institute for the Blind and The Guardian has launched the first elec-

Exporters seek budget boost for UK companies

By David Dodwell,

CAPITAL investment write-downs, cuts in corporation tax and a loan guarantee scheme for exporters should be included in next weeks's Spring hndget. a leading spokesman for British exporters said yesterday.
According to Mr Ian Camp-

bell, head of the Institute for Export, the government should also extend beyond 1994 its transitional arrangements to provide NCM, the UK's leading export credit insurer, with political risk "The UK will be the only EC

conntry without a permanent facility to reinsure political Speaking at the UPS/Export Times Exporter of the Year ceremony, he added: "There is not sufficient private sector will make British exporters less able to compete." In the wake of strong snp-

port given last week hy Mr John Major for exporters and the manufacturing sector, Mr Campbell called for the government to "work in partner-ship with industry" to improve export performance, which has remained stagnant over the past three years at about 8 per cent of world trade." He called for a 100 per cent first year writing down allow-ance on capital investment in

manufacturing industry, and a reduction in corporation tax to In per cent.
These moves would hoost investment in manufacturing capacity, which has grown by just 19 per cent between 1970 and 199n – compared with 43 per cent growth in Germany,

France and Italy, 86 per cent

in the US, and 129 per cent in

Japan, according to data from

the Centre for Economics and

By Michael Smith blow to such companies as Cabah Energy, which wants to 100 THE UK electricity regulator yesterday suggested to

the two companies, strongly rejected Prof Littlechild's suggestion. It said overcapacity in generatinn was increasing and retaining redundant plant would lead to closure of other, more modern and efficient plant. Electricity production

and intelligence services.

The Lord Chief Justice, Lord Taylor, will look at the case of Mr John Grecian, former managing director of Ordinance

Technology (Ordtech) who pleaded guilty in February last year to conspiring to hreach controls on the exporting of

auspended sentence. Yesterday, his counsel, Mr

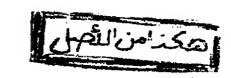
Mr Grecian, whose engineertrial judge accepted the gov-ernment's arguments that sen-

They are now seeking leave to appeal against their convictions in the wake of last year's Matrix Churchill trial when ministers' use of public inter-est immunity certificates to suppress sensitive information were successfully challenged

Poole, Dorset. At their trial at Reading Excise prosecutors had alleged the four men were part of a conspiracy to use bogus enduser certificates to evade the The fuses were never exported, but the end user certificates, signed by a Jordanian

judge was told.

Yesterday's praliminary hearing - to decide whether the four men should be allowed leave to appeal - was adjourned to allow Customa



oday's annual results from the UK engineering group Vickers will once again bear the scar of big losses from its luxury car subsidiary Rolls-Royce. But according to a confident Peter Ward, Rolls' chairman and chief executive, "there'll he hlack ink" at the operating level next time.

Ward can make this claim because of the way the company has quietly been undergoing a revo-lution along Japanese "lean manu-facturing" lines. Traditional working practices have been overturned, employee numbers have been cut from 5,200 to 2,490 and the hreak-even level of production has beeo reduced to less than 1,400 cars a year from 2,800 in October 1991.

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By any standards that is a considerabla achievement, though, as Ward admits, urgent action was required. Rolls was certainly forced to slim down in response to the previous car market collapse in the early 1980s - but inevitably costs got out of control again during the unprecedented eight-year hull mar-ket which reached its apogee for Rolls in 1990 with record sales of

Even at the slashed breakeven level, Rolls-Royce would have made further losses last year with sales of

But Ward points out the changes in company organisation first put in train at the end of 1990 mean Rolls needs only a slight sales lift this year for operating profitability to be restored. It will take much more time to reduce the company's daunting deht hurden: Rolls will have been largely responsible for an expected rise in Vickers' total indehtedness to around £110m hy the end of last year.

The enormous changes in production process and labour organisation are evident all over the sprawling facilities at Crewe, Cheshire.

"It is simply a different business. We've turned it round," says Ward. . The spur for change came from a growing fear that due to the Gulf war, the imposition of a luxury goods tax and doubled "gas guzzler taxes in its prized US market, and gathering recession elsewhere, the company's very survival could be in

"So we asked ourselves, if we had a greenfield site how would we run it? We went away and created a plan of a greenfield site, and decided to make it happen on the old one," Ward said,

Out of the exercise emerged a "green book" forming the basis of new working practices and factory organisation which would sweep away old demarcation lines, create Japanese-style working teams and the concept that any individual unit within the plant was the customer



Driven towards leanness

Rolls-Royce Motors has radically transformed its working practices, writes John Griffiths

The plant was divided into 16 zones, each encouraged under a manager to act as a husiness within a husiness and assuming full responsibility for cost, quality, delivery and even materials purchased. Within the zones work 160

teams, typically six to 10 strong. Out went charge hands and foremen, leaving a flatter management structure of just four levels. Within the teams there is total flexibility regardless of individuals' craft back-

The 120 union representatives reflecting Rolls' broad craft traditions - were reduced to 47 and just seven elected to the joint worksstaff negotiating committee. Such dissent as there was came from local convenor level, not from national union leaders.

It was a radical approach, inevitahly provoking great scepticism. But negotiations on its introduction were finished by March 1991.

"The biggest problem was middle management trying to protect status quo," recalls Bernard Preston, director of quality.

Preston recalls recently having a senior Mazda manager visit the plant. "He said we've gone further than a Japanese plant could go. Here we've got people on £40,000 working together on the same team with someone ou £280 a week. They couldn't do that in Japan."

Rolls' teams are becoming acclimatised to their new-found freedom
– and responsibilities. The sense of commitment and "proprietorship" has been heightened, says Preston, by changes such as a member of one of tha four-engine assembly teams spending three hours assemhling one engine, not the previous 34 minutes doing specific taskes. It has become "his" engine. Butch Wilsoo, a former fitter,

makes clear he has no resentments about income disparities with the engineers on the engine teams: "We help them; they help us and within a couple of hours we get almost any problems solved." The results, says zone manager

Chris Johnson, are already apparent. One measure - the number of rectifications per car - has goue from 150 to 47, "and the faults themselves are getting smaller". The team approach means that even in the tradition-steeped interior trim area, the upholstering of the complex rear seat squah now requires nine hours, not 27.

The changes are not confined to labour organisation.

The almost total closure of Rolls' London coachbuilding facility, Mulago and the transfer of most of its operation to Crewe means the plaot has gone from making one model range to four.

With the introduction of more computer numerically controlled machining equipment Rolls is making many more of its complex components in-house and in greater variety. It is out-sourcing simple items such as fasteners which it traditionally has made itself. With Rolls' inventories slashed.

senior managers say they are hecoming able to differentiate hetween suppliers who already work with Japanese car makers in the UK and those who do not, "and have the old adversarial attitudes". With more disciplined production

suppliers about delivering straight to its assembly line. For the first time in the company's history, shop floor employees are attending product events so that

planning. Rolls is now talking to

they can appreciate customer reac-Managers say the working system has reached the stage where it is gaining its own momentum, with managers no longer having to push. But no one is under any illusions about the formidable task still

ahead in terms of financial recov-

Wasting time in the board room

Meetings stifle ideas, delay decision-making and diffuse responsibility, argues Adrian Furnham

meeting is a group of people who keep minutes and waste honrs. Yet research shows the average middle to senior manager may spend as much as 40 per cent of his or her day in meetings.

According to a survey of the working habits of 135 managers published by the Industrial Society and BBC Education last week. respondents spent the equivalent of almost a day a week in internal

meetings.
The number of committee, subcommittee, task-force, board meet-ings that husiness people are required to sit on grows exponen-tially with rank. Meetings are known to be inefficient. They sti-fle Ideas, postpone and prevari-cate. A committee meeting has heen described as a group of the unwilling, picked from the unfit,

to do the unnecessary.

Given such criticisms why are meetings so popular? Meetings may be seen as a good way to pool resources. Similarly, It has been argued that members may stimu-late each other through discussion — what is known as the synergy effect. Others describe them as an

efficient and democratic way to communicate with people. Still others believe committees make better decisions. These reasons are not convinc-

ing. First, most meetings are held not to make decisions but to avoid them, Further they are mainly about diffusion of responsibility so that if a wrong, poor or costly decision is made, fault is spread over all committee members.

There are three significant problems with meetings that render them inefficient.

The first is sometimes called social loafing. More than 50 years ago a German scientist named Ringelmann asked workers to pull as hard as they could on a rope attached to a meter that measured the strength of their efforts. Subiects worked alone and in groups of two, three and eight,

While the total amount of force on the rope increased as group size rose, the amount of effort hy each person seemed to drop. While one person pulling alone exerted

an average of 63kg of force, this dropped to about 53kg in groups of three and was reduced to about 31kg in groups of eight. The greater the number of people performing the task, the less effort each one expeoded.

The impact or effect of any social force directed towards a group from an outside source (eg a manager) is divided among its members. Thus, the more persons in the group, the less the impact such force will have npon each. Because they are working with others, each group member feels they will take up any slack resulting from reduced effort on their part. And since all members tend

THE COMMITTEE WOULD VALLE YOUR OPINION, HAWLEY, SINCE YOU'RE THE ONLY PERSON IN THE COMPANY WHO ISN'T ON THE COMMITTEE



to respond in this fashion, average output per person drops sharply. The second problem is called by psychologists evaluation apprehension. It snggests that when trying to make decisions in groups, the presence of some group members may intimidate others. The voicing of unpopular, if correct,

ideas may breed conflict and may be a "career-limiting" move. It should come as no surprise that high-status persons in organisations, such as presidents and chief executives, are carefully listened to and their words given high credence. As a result they tend to dominate group situations and their ideas (right and wrong)

a group of "yes meo/womao" behind the single dominant force. Understanding this phenome-non, former General Motors head Alfred P Sloan did not atteod the early phase of his groups' meet-ing, fearing his presence would discourage honest discussions of critical problems among executives, who would insist oo pleasing him. There is reason to believe Sloan's status would have had an undne impact oo the group hy inadverteotly eocouraging unifor-

The third problem is that in creativity-type tasks, groops rather than individuals working alone produce poorer decisions. In cootrast to well-structured tasks that can be divided into several dis-crete parts and have a definite solution, many everyday management decisinus are more poorly structured.

If an organisation is faced with a decision over the prospect of a declining market for its products it would be expected that a group meeting would do a better joh of handling such a problem than an

But this is generally uot the case. Most research has shown that in poorly-structured, problem-solving, creative tasks, individuals show superior performance to groops. This generalisation has important - and potentially devastating - implications for organisations since some administrators spend np to 80 per cent of their time in committee meetings.

As for husiness meetings - the fewer the better. It is best to follow some simple rules: Start promptly, no matter who

is missing. · Why not have meetings standing np; the Queen does so in Privy

 Go around the room to ensure full participation. Have occasional secret ballots on whether regular meetings are necessary, Pool ideas and evaluate them but do not have a meeting to

are frequently accepted without The author is professor of psychoquestion. The result can easily be logy at University College London.

PEOPLE

Sommer moves from Bruce Vanghan has succeeded Milton Bridgland **US to Sony Europe**

Sony is strengthening its marketing focus in Europe with the appointment of Ron Sommer to the post of president and chief operating officer. He will take up his appointment in April.

ematician born in Israel and educated at Vienna University, he joined Sony in 1980 and six years later was appointed president of Sony. Germany.

His early experience was in the computer industry with the

appointment in April. He joins Jack Schmuckli, chairman and chief executive of Sony's European operations, in establishing a US-style top management team to oversee the company's sales, marketing and manufacturing operations. The heads of the sales and marketing companies will

report directly to Sommer. Now 43, Sommer has been president and chief operating officer of Sony Corporation of America since 1990. A math-

Philosopher

Scholar for

the Welsh

the computer industry with the

former high-flying Nixdorf Computer, now merged into Siemens Nixdorf Information Systems. At one stage he was head of the company's largest subsidiary, Nixdorf France. Colleagues describe him as analytical and energetic with the ability to motivate his

He will need all those talents to sustain Sooy's impetus through Europe's long-lasting

chairman of ICI Australia. Warren Haynes took over as managing director following the retirement of Michael Deeley on September 1 1992. RJ (Bob) Hunt, managing

director, ICI Chlor-Chemicals, ICI Chemicals & Polymers, has been appointed executive director of ICI Australia with effect from April 1. He succeeds David Gaffney.

Bob Hodges, md of beverages (Europe and international), Hank McInerney, md of beverages (Americas), Jan Timmer, md continental bakeries, and Richard Turner, md of Lyons Bakeries (UK). have been appointed to the board of Lyons, part of ALLIED-LYONS. ■ Graham Footitt, formerly

vice-president finance for Shell

(below left), 40, group director

of Barings in charge of world-wide finance operations and

administration and a director

of the Securities and Futures

Authority; and Hugh Armstrong (below right), 58, a venture capital specialist who was a founder-director of one of the

first venture capital compa-

chairman at A&P APPLEDORE

HOLDINGS in succession to

Philip Ling who remains on

Brasil, has been appointed





finance director of SHELL UK

on the retirement of Malcolm

formerly director of personnel at the London Borough of

Islington, has been appointed human resources director for

LONDON UNDERGROUND.

UK, has been appointed to the board of AUTOMATED

SECURITY (HOLDINGS). Lord

Lane of Horsall, already a

non-executive director, has

■ John Smith (below right), chief operating officer of ASH

■ Ann Burfutt (below left).



Pointon York picks non-executives

Office for non-executive directors and appointed two to his board. The new permanent secretary at the Welsh Office is to be a Treasury philosopher. Michael Scholar, whn will take over when Sir Richard Lloyd Jones retires at the end of July, is currently deputy secretary at the Treasury in charge of civil service management and pay. But he started his working life as a philosophy teacher at Leicester University – his spe-cial interests were Wittgen-

stein and Aristotle. Since joining the civil service in 1969, Scholar, 51, has taken several front-line positions. He was private secretary to Joel (now Lord) Barnatt when he was chief secretary to the Treasury in the run-up to the arrival of the IMF in 1976. He was also private secretary to Margaret Thatcher from 1981-83, through the depths of at MANSFIELD BREWERY, the economic recession and the in succession to the late Falklands war. Between 1979 Geoffrey Kent.

blind blind Barclays Bank International. Unusually for a Treasury man, Scholar is noted for his sense of humour and his lateral thinking. He is also an accomplished musiclan, playing the plano and organ; an Associate of the Royal College of Organists, he is a noted accompanist. Promotion to the Welsh Office takes him home - although brought up in officer. London, Scholar was born in | Paul Lester, group chief Merthyr Tydfil.

Geoffrey Pointon, chairman of financial services group Pointoo York and an enthusiastic come ahoard; Ian Martin ment Capital, was eventually proponent of investor protection, has overcome his distaste

"I don't fancy non-executive directors that arrive once a month for a hig lunch and don't understand what is going on," says Pointon, who adds that with a banking subsidiary as part of the group, he has to find people acceptable to the Bank of England, something he says has got increasingly difficult recently. "What with their views and my views, it hasn't been easy."

Other nonexecutives

■ Sir David White, former deputy chairman of National Freight Corporation and chairman of Nottingham Health Authority, as chairman and 1981, he was seconded to Ray MacSharry has been

appointed to the court of directors of Bank of Ireland. Eric Kinder, chairman of Smith & Nephew, at CHRISTIE HOSPITAL NHS TRUST, Manchester.

Mark Radcliffe, former deputy director general of the CBI, as chairman of METSEC; Keith Hirst, formerly chairman and md is now chief executive

the board.

Alec Daley, an md at GKN and deputy chairman of Westland, at BRENT CHEMICALS

INTERNATIONAL Ann Burdus, former chairman of McCann and of the Advertising Association and a member of the Top Salaries Review Board, as chairman at The TRIANGLE GROUP. ■ James Cochrane, European

operations director of Wellcome, at SPIRAX-SARCO ENGINEERING. Peter Ryan, chairman of Protean and Torday & Carlisle. as chairman at ARTHUR SHAW. Rohin Baillie, recently

retired chairman of Burson-Marsteller, at

sold to form Lazard Ventures. Martin also goes on the board of the bank. "It reflects the progress the group has been making. Ten years ago we were a very small outfit indeed," says Pointon. PYV, the Lloyd's broking subsidiary of the group which

specialises in professional indemnity cover, is suing Fim-hra after the self-regulatory body dropped at the 11th hour a compnisory indemnity schame for its members to which PYV was to have been the exclusive broker. CONTROL RISKS GROUP. ■ Quintin Barry, chairman of Donne Mileham & Haddock, as deputy chairman of

SOUTHERN RADIO; he replaces Robert Stilby. ■ John Morton, a director of Abtrust Fund Managers, at AVESCO. ■ Margaret Childs, s solicitor with McKenna, at FROST GROUP. ■ Sydney O'Hara, a former

director of BT, and David Tehbs, a former director of BIS Nynex, at LBMS. ■ Julian Bell, former executive chairman of Rayner Coffee International and a former director of BET, and Alan Hornsby, retired finance director of Smiths Industries, at IPECO HOLDINGS. ■ Alan Fosler, formerly chief executive of Swire Properties in Hong Kong, st OSSORY ESTATES.

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BUSINESS AND THE ENVIRONMENT

Demands from the suppliers

A UK catering company received more than 40 different questionnaires on its environmental credentials from prospective clients. Other compa-nies have had similar experiences as husinesses hegin to apply a green filter to their huying.

"Some of the questions were dubinus in terms of their value to environment issues, such as queriea about our turnover," aays Roger Brown of Sutcliffe Catering, a subsidiary of P&O. "I think it is essential to have a code of practice governing the sorts of queations that need to be asked."

Business in the Environment, the charity backed by industry and Prince Charles, is working with consultants KPMG to develop such a code. It will be backed by the Chartered Institute of Purchasing and Supply. "The idea is to produce voluntary guidelines which will help both customers and suppliers by introducing consistency into the way in which environmental per-formance is assessed," says Martin

Houldin of KPMG. B&Q, the UK do-it-yourself chain, insists that all its suppliers comply with a comprehensive environmental checklist. It was the first hig retailer in the UK to take the initiative and has worked with its snppliers to help them conform to its required standards.

"We now know far more about our products and we can talk with greater confidence because we have exposed our skeletons. It helps ns manage the business that much better," says Alan Knight, B&Q's environment specialist.

Large bnyers, such as BT and IBM UK, also include environmental criteria in their specifications. These companies might be less susceptible than retailers to consumer pressure, but neither wants their mage tainted by the environmen-

tal misdemeannurs of suppliers.
The effects of huyers' environmental demands have begun to percolate down the supply chain, "For many small companies who are not directly affected by new laws, it is often the first time that they have bad to think about the environment in business terms," says Edwin Datschefski of the Environment Council, a charity that promotes good environmental practice

emolition work has started work near Copen-hagen's Kastrup Airport, but the buildings are not coming down to make way for a new runway. The space is needed for the approaches to a planned \$6bn (£4.2bn) road and rail project which has raised the hackles of environmentalists, politicians, and the public and severely amharrassed the Swedish and Danish gov-

The controversial bridge-tunnel hetween the two countries is designed to stretch for 17km and carry vehicles and trains. With another bridge in lower Denmark, due to open in 1995, it would provide an important commercial transport link between northarn

and southern Europe. The bridge's numerous opponents say the Danish and Swedish governments have not conducted required environmental impact assessments. They also contend the proposal goes against the international positions taken by both Scandinavian nations on issues such as climatic change, transport and marine protection. Although they signed the climate change treaty at the Earth Summit in Rio de Janeiro, the increased traffic, and thus greenhouse gases, resulting from the bridge counter that commitment, say environmen-

talists. The poliuted Baltic Sea is another issue. The hridge would span a cru-cial strait that is a narrow lifeline of salt water and oxygen for the sea's already ravaged ecosyatem. Both governments – together with the other nations bordering the Baltic Sea - recently signed an international convention aimed at improving the Baltic water quality.

Officials from Sweden and the new Danish administration say all environmental concerns will be satisfied before the bridge-tunnel construction begins.

"We can only say that everyone has to trust us to consider all the environmental concerns," says Jaerel Turdin, head of planning at the Swedish environment ministry. "Government approval will not be given before all these concerns are

While some bridge opponents might dismiss Turdin's promises, the Centre party, of which she is a member, voted against the bridge in 1991. That was before Sweden's Social Democratic party fell from power and the non-socialist coalition, including ber party, took over. Last month, bridge opponents

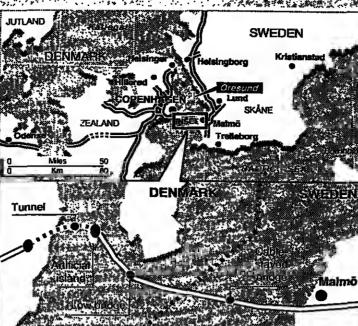
gained a significant victory in the battle to stop the bridge when two key environmental review panels recommended against the bridgetunnel plans. However, Sweden's prime minister, Carl Bildt, whose Peter Knight conservative Moderate party favours the bridge, says "sooner or

Plans for a road-rail link between Sweden and Denmark are causing

controversy, reports Joe Kirwin

A bridge too far

Proposed Danish-Swedish transport link



later" it will be built.
In Denmark, the political situation concerning the bridge is just as muddled. The new Social Democratic government appointed in Jan-

sion agreed between the two gov ernments was wrong because It committed the two nations to a train-car bridge between Malmö and Copenhagen," says Bjorn Gillberg, uary also includes political parties one of Sweden's most prominent that voted against the hridge in a environmental advocates. "The gov-

The bridge would span a crucial strait that is a narrow lifeline of salt water and oxygen for the sea's already ravaged ecosystem

parliamentary vote in 1991. It was in the summer of that year that the governments signed a bilateral agreement to build a train-car bridge linking the Swedish city of

Malmo and Copenhagen.

The resulting parliamentary votes enraged not only environmental groups, but also political parties in Sweden and Denmark, "The deci-

ernments didn't say: 'We want a bridge that will cause the least amount of environmental damage and which also provides the least expensive option.' Therefore the agreement disregarded an option such as a train tunnel.

This is the alternative that most bridge opponents prefer if there is to be a fixed link. The agreement

also disregarded a bridge or a tunnel between Helsingborg (in Sweden) and Helsingor (in Denmark). where the distance across the water is only a few kilometres."

Following the 1991 agreement, a consortium of Danish and Swedish consultants was established and a bridge-tunnel design drawn up. The hlueprint calls for a hridge from Sweden to an artificial island sev-eral kilometres off Denmark. From there to tha Danish shore, a fixed tunnel would be lowered into the

With the design work, the consor-tium spent more than \$5m on an environmental impact assessment. Recognising the stiff opposition, it persuaded Gillberg, who has spent a lifetime fighting environmentally damaging projects, to oversee the

study.

When the environmental impact survey was completed last autumn, it was sharply criticised by environmental groups, as well as by the Swedish government's Environmental Protection Agency. The failure to examine alternatives was a significant complaint.

The consortium was given a direct mandate from the governments," Gillberg explains. "They called for a train-car hridge between Malmö and Copenhagen and that is what was studied. So it is wrong to blame the consortium for not studying the alternatives."

One contentious issue is the effect

of proposed dredging, which is supposed to compensate for the blockage of salt and oxygenated water caused by the bridge's large pilings. The impact study claimed deeper shipping channels would maintain adequate salt water inflow.

"Nobody knows if the dredging will work or not," says Mats Abrahamson, a marine hiologist with Greenpeace in Sweden. "They have only computer models. The only place where the salt water reaches the Baltic will also be obstructed by the other new bridge that will be completed next year." He adds: "Maybe, we could take a chance if the Baltic Sea was not in such fragile condition already. But this could be the nail in the coffin."

The controversy has involved the EC Commission. "Originally, the Commission said the bridge violated the 1985 EC directive on environmental impact assessment," says Jan Sundergaard, a Greenpeace official in Denmark. "But last November, after opposition against the Commission grew in Europe and subsidiarity became such an issue, the Commission dropped the bridge

Engineering and architectural companies in Europe are keen to obtain work from the bridge project. The problem is that it is still not clear what will be built and a final decision is some way off.

Casting doubt on green investment By Bronwen Maddox

he cost of going green is still a worry for many husinesses, and environmental costs are expected to rise sharply, according to a new report* by consultants P-E

International The companies' comments come as evidence emerges from the oil industry that the annual costs of pollution control will bave risen by 50 per cent in less than a decade and the costs may be handicapping tha companies ability to invest. After years of regarding

environmental measures as a cost, ministers and environmental consultants are now fond of proclaiming, almost as an axiom, that greener means richer. However, these figures on the real impact on husinesses' costs suggest many companies are right to question whether environmental investment really represents an opportunity.

The report says "over two thirds of companies expect operating costs to increase as a result of addressing environmental issues" More than three quarters attribute the need for changes to EC directives, compared with 47 per cent citing UK legislation as a source of pressure.

The survey, which analyses 250 companies about their "logistics" – every part of the supply chain from buying raw materials to distribution and packaging – was conducted together with David Bellamy Associates, a aubsidiary of P-E run partly by David Beliamy, the environmentalist. It adds: "There is considerable uncertainty about the commercial benefits of responding to many environmental concerns. A large proportion of companies, therefore, intend to wait until they are forced into action by

Like many consultancy reports, the survey argues: "The ability to be pro-active . . . will determine which companies will prosper". But the evidence for this conclusion is not fully supported by the report.

Although P-E found that where the companies had taken environmental steps such as reducing packaging there was "a very significant cost reduction

element", this does not demonstrate that environmental measures can be in a company's financial interest so much as raise questions about why the management had neglected to

take the steps earlier.

Jan Szymankiewicz, managing director of P-E's logistics consulting arm, argues that companies which anticipate environmental legislation have the chance to adapt more gradually and cheaply than those that leave it to the last minute. While this is plausible, plenty of exceptions can be envisaged. particularly where the relevant environmental technology is changing fast to the benefit of

those companies which wait.

Szymankiewicz agrees, too, that environmental investment could lead to a competitive disadvantage for companies exporting to region with different environmental rules: "It is probably true that they will have higher costs [because of compliance with the green rules]."

Evidence to support that concern is emerging from the oil industry. The Petroleum Industry Association, in an informal poli of its members, has found that their total investment will rise from an average of around £170m a year in the last three years to £270m a year over the next five

However, the association has also found that the companies' total investment spending has scarcely risen, suggesting anvironmental investment may be squeezing out other spending that could improve

competitiveness.

There are no clear-cut answers to whether environmental investment is a burden or an opportunity for businesses - they are buried in the companies' figures for operating costs. investment and market share. As the impact of compliance with recent legislation on companies becomes clear, some of the rbetoric about environmental investment may give way to a clearer picture of what companies can be expected to deliver.

*Going Green — the Logistics Dilemma, P-E International, Tel 0734 434411.





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Clemer

Opera/Max Loppert

La Damnation de Faust

he Berlioz work with the high-est tally of opera-house perfor-mances is not one of his three operas but La Damnation de Faust, the Goethe-inspired "dramatic legend" written for the concert hall. Berlioz's libretto is decked with stage directions ("Distant sounds, rustic and war-like, begin to disturb the calm of the pastoral scene") which nevertheless are intended to be executed in the listener's imagination.
"La Damnation", David Cairns has

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written, "has the character of s dream" - lightning-swift in the modulation of mood and passage of incident, shaped with e dramatic logic unarguable but impalpable, carried on e current of brilliantly coloured and beautiful musical invention, an opera not of the stage hut (Cairns's words) "the mind's eye". So is any attempt to realise it theatrically an act of artistic hnbris? Is it sheer producer's pride, designer's delirium, management mania that brought La Damnation de Faust to the Coliseum in 1989 (revived 1980), and that now brings it to Covent Garden for the first time since

Answers to those questinns will surely be as numerous and as diverse as the eudience-members themselves; the minority who st Monday evening's curtain calls made plain their dissatisfaction with Harry Kupfer'e new Covent Garden staging, in the designs of Hans Schavernoch (sets) and Reinhard Heinrich (costumes), deserve tolerance and even sympathy. Myself, I sat utterly dazzled and enchanted, drinking in the kaleidoscope of visual images counterpointed with the music, convinced (at least temporarily) that this must be the most completely ravishing score of the entire 19th century, and longing at the close for an instant repeat performance.

For me, indeed, this was two-and-ahalf hours (unbroken by interval) of music-theatre magic. The engagement for the occasion of the world's leading Berlioz conductor is of inestimable benefit; a Damnation of Faust production considerably less mercurial than Kup-fer's, less deeply imbned with Berliozlan intelligence, irony and Romantic passion, would no doubt still take wing as a result of Colin Davis's lifelong

involvement in the music. Michael Geliot's 1969 Coliseum staging employed a combination of projected images and processional devices

habit of fading away, either by reason of neglect or because of

the pressures within a ballet company.

or thought we saw - turns to some

baser material as time passes, and

occasional soloist roles are the reward

for what once seemed a talent to storm

the heights. The Paris Opéra Ballet has

in latter years set aside evenings in the

Palais Garnier to celebrate the potential

of its youngest dancers, so that the

Paris public (always very partisan) may

judge the gifted young, and the gifted

young may have moments of giory as a

reward for talent, and e taste of greater

The evenings are tremendously

exciting. A clue to the Dpéra's dance

style lies in display, in assured prowess,

in the assertion of "moi". Some years

ago, in Natalia Makarova's Ballerina

series for BBC TV, shots of class st ths

Opéra superh Ballet School found the

teacher urging her girls to show plus de

chic; beaucoup plus de chic. It's e phrase

which sums up e lot about attitudes st

the school and in the company.

rewards to come.

Berlioz's dream-dramaturgy. (Film has often been claimed as the work's ideal medium, although so far no-one has managed to put that helief to the test.) Knpfer works with simpler materials gauzes, flying and trollied props, lightflashes, giant dolls - which he compounds with speed and legerdemain, in ways thet evoke the manifold pleasures of "naive" theatrical experience while simultaneously throwing out complex reflections about the work itself.

The basic set is e 19th-century theatre euditorium, with boxes and e central glass door: old Faust enters it in silence at the start, a refugee from a snow-bound world. (La Damnation de Faust was given its concert-performance premiere in a Paris opera house -- the Paris Opéra-Comique -- on a day in November 1846 when ferocious fiarce snow-flurries contributed to the work's poor attendance and reception.)

Into whatever form and guise it devel-ops in the course of the evening, the relationship between this Faust Faust-Berlioz, one soon comes to think of him - and this theatre-within-a-theatre is held at a remove: he wanders through the staging as through a land-scape filled with fleshly delights to which he is alien, a world coarse in bourgeois manners and crudely militarised, an environment he can only domi-nate by submitting to the dictates of an embodied negative conscience.

Poetic irony is the key to Kupfer's Berlioz vision, an irony achieved in s succession of fluidly forming and dissolving theatrical images which the spectator is invited to absorb into his experience of the score, his swareness of its composer, its literary sources, its period of creation, its position in the history of Romantic artistic expression.

Almost everything in the staging manifests profound sympathy with the precise quality and character of the musical invention: the sardonic whipcrack of Mephisto's exchanges, the hol-low exhilarations of the martial sequences, the exquisitely elusive lyricism of Marguerite's doomed passion. Even in the ending - Kupfer devises here an effect of Brechtian alienation which wholly undermines the heavenly-salvation finale, and which will prove the production's most controversial feature - faith is kept with Berlioz's trac-ing of (as Cairns puts it) "the defeat of

With spring in their steps

Clement Crisp reviews young dancers at the Paris Opéra

may appear hard-driven in attack; the English somewhat demure. Most of the

young French, if not all - as I saw on Saturday night - take the stage with

an allure that speaks of confidence and

s clear sense of their identity. At worst

they are over-vivacious: et best they are

The programme, given on three

successive evenings, comprised pas de

deux and extracts from the repertory.

All may not have been for the best all

the time - e version of the Fairy

variations from the Sleeping Beauty

prologue did no justice to Petipa, for the Russian classics lie outside the Opéra's treditions; Agon is not for the

inexperienced - but the sum effect was

of s company (and a teaching tradition)

marvellously rich. There were several

exceptional talents. A duet from Le

Panillon with Isabelle Ciavara (aged 20)

and Emmanuel Thibault (just 18) was

heart-touching. Mile Clavara is slight.

enchantingly pretty, and delights in

the intricacles of quick, clear, tiny

steps: the old Russian ballerinas used

dancer's life is short, and Russian young can look soulful (though

world-beaters.

youthful promise has a nasty sublime) by comparison. Americans



Jerry Hadley, Olga Borodina and Samuel Ramey

the Romantic dream".

Davis's Damnation de Faust reading has matured. Energy, intensity of colour and line, command of rhythm are still its notable characteristics, enriched now by an "inner" swareness of musical sense and direction that fills every note with an extraordinary iridescent glow. On a keyed-up first night, with so sophisticated a staging to attend to, pit and stage were not always exactly co-ordinated (a substitute Brander who lost his way caused problems in the Tavern scene). But already there were marvels of idiomatic playing and cboral singing to relish - and no doubt these will be infinitely increased during the

The star of the show is Samuel Ramey, in magnificent form as Mephistopheles, singing with the fastidious control of tone, line and word that

possessor of a heautifully rounded

manner is still innocent; I long to see

Dopont in Balanchine's Tchaikovsky

medal in last year's Varne Ballet

Competition, she has an all-conquering

skill, but it is allied to a lusciousness of

pose (her back, torso, have a fluidity and power more Russian than French)

and to an innate musical sensibility.

Her manner is serious - if she flirts

with anything, it is with the phrasing of

the dance, and that she does divinely

and I hape the world will be hers, for

she seems destined for great things. She hed as companion the young bnt

already established, and splendid,

Nicolas Le Riche ,hero of the recent

house revival of Le Train Bleu. The pas

Ghislaine Fallou is snother

exceptional talent. She, too, revealed a

dignity of presence, e lovely clarity of

pose and grace of phrasing. She needed

pas de deux. Winner of the junior gold

them both in Coppelia.

marks the natural Berliozian, and playing with a masterly balance of wit, seriousness and menace. Jerry Hadley's tenor, excellently well suited to the French repertory, sounded on Monday a little dry in its lower reaches, a little too ready to fall into rasping parlando; his Faust is an alert, personable, quick-

Olga Borodina's beautifully full, softout during the run. I wish I could witness that filling-ont process; I wish I could attend all remaining five perfor-

Sponsored by The Friends of Covent Garden; in repertory until March 25

spirited figure. textured, wide-ranging mezzo-soprano lacks the edmirable distinctness of verbal delivery of both her colleagues: altogether, this opening-night Marguerite was e sketch which will surely be filled

all these to redeem Ben Stevenson's Three Preludes in which she was trapped with her partner, the elegant Yann Bridart. The dance amounts to bollow emotings to Rakhmaninov - lt is a faked choreographic orgasm - but these devoted artists gave the movement a sincerity which redounds enormously to their credit. Another mid-19th century spectacle. M.Thibault is of medium height - Baryshnikov, Julio Bocca, his models - and already rescue operation was performed by Delphine Bsey and Emmanuel Hoff in technique. Marvels are easily done, hnt the duet from William Forsythe's In the more enthralling is his ability to devour middle. Mlle Baey produced the space, to race and soar, and seem a dead-pan force, the far-flung limbs and meteor. Like Mile Ciarevole, his the general air of aggressive boredom that the piece demands. I would love to see her in s ballet: she is a physically A grand contrast came with Aurélie dramstic dancer, excellently matched

> There were other young performers on view, their moments of glory well merited. How good to see e great national troupe shle and willing to salute its next generatinn. And in matter of dance, it is worth urging any visitor to Paris to the Matisse show st the Beaubourg, where you can see the Petershurg version of La Danse, Its movement as thrilling as the activities of the apprentice angels st the Palais

> The Paris Opera Ballet will be on tour at the Kennedy Center, Washington, from March 18-28. Sponsorship by A.R.O.P, the Florence Gnuld Foundation, American Friends of the

Paris Opera, and Air France

Television/Christopher Dunkley

Thick, and proud of it

hs proletarianisation of British television is proceeding space. This is, perheps, no great surprise; after all, television in the US, commercial in tooth and claw from the very beginning, has always been aimed straight — and almost exclusively — at the tabloid market and in the UK the writing has been on the wall for five years. Like so many politicians, Thatcherites never liked broadcasters whom they saw as unelected tronblemakers. When Mrs Thatcher was Prime Minister, Norman Tehhit (so charming, so civilised, so urbane in BBC2's interview with David Dimbleby on Sunday) was set loose to savage the broedcasters as only he knew how, while Mrs T. herself listened to the opinions of her favourite mass media mogul, Rupert Murdoch.

It was Mr Murdoch who, at the 1989 Edinburgh Television Festival, declared thet much of what passed for quality on British television - snobhish old feshioned drama, for instance - was really no more than e reflection of the values of the narrow elite which controlled broadcasting and had always believed that its tastes were synonymous with quality. Just how these pointy headed snobs tricked the viewing millions into wetching Brideshead Revisited and Jewel In The Crown was something he did not explain. He did, however, make it pretty clear that what was needed was s lot more channels like his own, Sky, an opinion which he presumably impressed upon his friend Mar

garet Hilda. Whether or not we are talking here about direct cause and effect, s few years later we find ourselves with a newly arranged broadcasting system in which Channel 4 has to compete for ratings in a manner which was never previously oecessary, and the ITV companies are driven into s vortex of market competition in order to find the money to pay back the millions which they had to bid et euction to acquire their franchises, not to mention the Treasury tax. The BBC meanwhile declares that, as a result of the changes in the industry, it will inevitably lose a third of its andience over the next few

The outcome, on screen, is that the Reithian principles on which broadcasting in this country has traditionally rested are now being turned upside down. Reith believed that you should aim programmes slightly ebove the intellectual level of your expected audience and thus keep encouraging people to improve themselves. A growing number of programmes now appearing on our screens do the opposite: rather than helping the eudience up, they drag the subject down, seeking e level where it can eppeal to the most casual channel zapper.

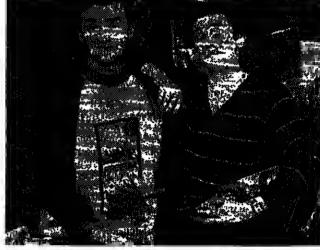
Thus Harry Enfield's Guide To Opera on Channel 4 is got up to look quite literally like e comedy. Enfield and Paul Whitehouse who have been so hugely successful in such dou-hle-acts as Smashie and Nicey, the disc jockeys in Horry Enfield's Television Programme, sppear here as Dad and Son, e couple of cheeky chappy cockneys (apparently the sort of people we should admire for liking opera) and also as The Opera Ponces who enthuse over the more arcane aspects of opera in public school accents (and therefore, it seems, deserve our conmaniac avec le black voiture?" tempt). Mr Murdoch should be

delighted The opening episode contained lots of famous extracts, interestingly using Opere North and Paul Daniel as the "resident" company rather than the END or Covent Garden as might have been expected, and it was very funny. Enfield's thumhnail sketch of a typical opera - "Act 1, bird comes on, warbles ... Act a, mixture of snogging and violence ... Act 4, one of the blokes has a bit of e sing by himself are all that are the state of the st himself, reads a letter from his mum..." was hilarlously accurate. Perhaps the series will, indeed, induce some of those who know opera only via the World Cup signature tune and the Three Tenors concert to huy some CDs or even a ticket for an actual performance.

But you can hardly miss the dramstic contrast in tone between this series and, say, Civilisation which, though

The appeal is to precisely that sort of xenophobic mentality which has become so familiar in recent years from televi-sion's coverage of the British soccer fan ebroad.

The dragging down of the level of sppeal is not limited to arts programmes and drame. More and more television journalism is now concerned primerily with entertainment. Much of it, such as Life and CD, as was noted here two weeks ago, is hitty and sensa-tional. Even among more serious programmes such as ITV's Disguises there is a concentration nn "human interest" which is certainly attractive and may at first seem quite reasonable hut which proves on subsequent inspection to involve the ahandonmeot of thet contextualisation and analysis et which British current affairs programmes had become rather good. Fnr the first twn programmes in the



Harry Enfield and Paul Whitehouse as Dad and Son in 'Harry Enfield's Guide to Opera'

made 25 years ago, has continued to typify - or serve as the great example of - arts programmes on British television until now. Kenneth Clark would not have referred to an opera audience as "smug gits in dinner jackets", one of sev-eral phrases from Enfield which reeked of snobbery, albeit the inverted sort. Would smug gits really become more worthwhile in his eyes if they wore shell suits from C & A?

A similar attitude of "I'm thick and I'm proud of it" has permeated the first two epi-sodes of A Year in Provence on BBC1. in previous years e series about a couple throwing up middle class life in London to live in an old stone farmhouse in southern France would probably have accepted Provencal life on its own terms and enthused over the unfamillar culture. But that would hardly have held the sttention of the channel-hopping soccer fan, would it, so here we get the soccer fan sttitude to abroad. Froggies are daft foreigners

who insist on speaking a barmy foreign languege, they're all wind and show, incapable of sticking to s job for more than a day, and everything from their driving to their weather is deeply doubt-ful. Subtitles, as Mr Murdoch would doubtless explain, are disgracefully élitist, and so we have two embarrassingly ewful substitutes: Lindsay Duncan as the wife translates anything which is spoken in French, so thet the dialogue moves at snail's pace, and John Thaw as the husband speaks Franglais: "Le problem is les pipes. Bur-

Disquises series Adam Holloway has played a schizophrenic living rough and seek ing medicel help and accommodation. They have provided a vivid illustration of the failure of the "care in the community" theory which the government used to close down so many wards in mental hospitals. But they have not extended thought heyond the

If this is the evidence on screen a mere 10 weeks after the introduction of the new system, how will matters look after 10 months? It seems clear alreedy that the increase in competition for audiences is going to become keener yet. Perhaps Alan Yentoh, who has done such a good job with BBC2 and now been asked to take over BBC1, will manage the amazing feat of improving quality on the corporation's more popular channel without losing too large e proportion of the audience. But that still leaves ITV and Channel 4 to worry about, and of course the satellite and cable networks which - we are now assured

could be offering 500-channel systems, thanks to digital compression, in a matter of months rather than years.

The claim has always been thet when the technology finally nvercnmes network scarcity we can all stop griping about programme quelity hecause the chnices will be infinitely varied: television, like print, will provide everything from a solid diet of pornography or comic trivia to a balanced diet of grand opera, serious journalism and high quality drama. I wnnder.

INTERNATIONAL

■ BONN

Bonn Opera has Otello tonight and Sat, and Der Fraischütz tomorrow, Sun and next Wed, both staged by Giancarlo del Monaco and conducted by Dennis Russell Davis. March 21: new production of Puccini's Trittico. March 22: Lucie Popp snng " recital (773667)

■ COLOGNE CONCERTS

Philharmonie Tonight, Cleveland Quartet plays Haydn, Smetana and Ravel. Tomorrow: Peter Schreler conducts Bach's St John Pession. Fri: Egberto Gismonti Group, jazz. Sat: Alaxandar Lazarev conducts Bolehoy Orchestra. Sun morning, Mon and Tues evening: James Conlon conducts Gürzenich Orchestra In Chopin's First Piano Concerto (Tzimon Barto) and Bruch's Second Symphony. Sun evening: Muhai Tang conducts Rhineland Pfalz Stata Philharmonic in Prokofiev and Brehms (2801)

to call such choreography "weaving lace with your feet". Mile Ciavara Technique, the presentation of the turns, hold a floating pose, is sweetly dance, is glossy, and has that wit which is en essential component of chic. true in this reconstruction of a **OPERA** Opernhaus Tonight and Sat: James Conlon conducts Ian Judge's production of Macbeth, with Franz Grundheber and Elizabeth Connell. Tomorrow:

Zar und Zimmermann, Fri: Lohengrin with Gary Lakes, Eva Johansson and Sergel Leifarkus. Sun: TanzForum triple hill. Next Wed: Gwyneth Jones song recital. March 25: first night of Livlu Clulel's new production of Cosi fan tutte (221 8400) THEATRE Schauspielhaus Tonight: Helner

Müller'a Shakespeare Commantary. Fri and Sat Jskoh Lenz's The Soldiers directed by Wernar Schroeter, Sun: Hebbel'a Maria Magdalene. The Kammerspiele has Wedekind's Musik on Frl, Sat, naxt Tues and Wed (221 8400)

■ COPENHAGEN

Royal Theatre The main event this week is the first night on Sat of a new production of Drot og Marsk, s Danish historical opera composed by Peter Heise in 1878. John Frandsen conducts a cast including Poul Elming, Tina Kiberg and Kjeld Christoffersen. The repertory also includes Le nozze di Floaro and Bournonville's A Folk Tale and Napoli (3314 1002)

■ DUSSELDORF

Deutsche Oper am Rhein Tonight: ballet mixed bill, including Forsytha's in the middle. Tomorrow: Dla Fledarmaus. Fri: Goldberg Variations, new hallat

by Heinz Spoerll. Sat: Swan Lake. Sun: Alda. March 20: new production of Aribert Reimann's opera Das Schloss (211-8908 211). The Dulsburg Theatre has Carmen on Fri and Sat. Giselle on Sun and Don Carlo next Tues (203-3009 100)

de deux was radiant.

Schauspielhaus Tonight Ariel Dorfman's Death and the Malden. Fri: Shaw's Heartbreak House. Sat, Sun, next Tues: Odon von Horvath'e Zur schönen Aussicht. Mon: Pirandello's Tonight We Improvise. Eduardo Arroyo's Bantam opens on Sat at Kunstsemmlung NRW, directed by Herbert Konig (211-162200/ 211-369911)

■ FRANKFURT

Atte Oper Tonight: Megadrums, international percussion group. Tomorrow: Ute Lemper, Sat. Harbert Blomstedt conducts San Francisco Symphony Drchestra in works by Copland and Brucknar. Sun morning, Mon evening: Leonard Slatkin conducts Frankfurt Opera Orchestra in Barber, Bloch and Dvorak, with cello soloist Mischa Maisky. Sun evening: Michael Gielen conducts South German Radio Orchestra In Tchaikovsky, Berg and Ravel (1340 400) Jahrhunderthalle Hoechst Tonight and tomorrow; Nederlands Dans Theater. Fri: Roger Whittaker. Sat: Glenn Millar Drchestra, Sun: Herbert Blomstedt conducts San Francisco Symphony Drchastra in Dukas, Sibellus. Harbison and Stravinsky (3601 240) Opernhaus Tomorrow and Sat Ekkehard Kloke conducts Warnar

Schroeter's new production of Lady Macheth of Misenak, with Kristine Cieslnskl and Sergei Larin. Fri and Sun: Britten's A Midsummer Night's Dream. March 21: revival of Nixon In China, opera by John Adams

Schauspielhaus Tonight Schnitzlar's Undiscovered Country. Frl: first night of new production of Shakespeare's Othello, directed by Peter Eschberg (also Sun). Sat: Sophocles' Antigone. March 18: revival of Frankfurt Ballet production of William Forsythe's Limh's Theorem (2123 7444) **English Theater Kalserstrasss** Fri: first night of new production of Ariel Dorfman's Death and the Maldan. Dally except Mon till May 15 (2423 1620)

GOTHENBURG

Konserthuset Tonight and tomorrow: Neeme Järvi conducts Gothanhurg Symphony Orchestra in works by Milhaud, Tamberg and Brahms. Next Tues: Stephen Hough plano recital (167000)

■ HAMBURG

OPERA The main event this week at the Staatsoper ie the premiere on Sun of Gunter Kramer'e new production of Siegfried conducted hy Gerd Albrecht, with Heinz Kruse and Gahriale Schnaut (rapaated March 20, 23, 31, April 12). The repertory also includes Madama Butterfly tonight and Fri. and La hohame on Sat and Tues (351721)

CONCERTS Fri at Musikhalle: Barhara Hendricks song recital. Sun morning: Haydn and Schubert concert. March 19: San Francisco

Symphony Orchestra (354414)

A naw production of Feydeau's farce A Flea In Her Ear opens et Deutsches Schausplelhaus on Sat directed by Peter Löscher previews tomorrow and Fri (248713). Tha rapertory at Thalia Theater includes Arlel Dorfman's Death and the Malden and John

Osborne's The Entertainer

■ LEIPZIG

(322666)

Kurt Masur conducts the world premiere of Siegfrled Matthus new symphony tomorrow at the Gewandhaus, in a concert marking the 250th anniversary of the Leipzig Gewandhaus Drchestra. Sun: Tatiana Nikolaeva plays Bach. Next Tues: Mark Gorenstein conducts MDR Symphnny Orchestra in Mahler's Ninth (7132 280)

■ MUNICH

Gasteig Tonight, tomorrow evening, Sun morning: Sergiu Celibidache conducts Munich Philharmonic in worke by Mozart and Brahms. Sat: Prague Symphony Orchestra plays works hy Beethoven, Dvorak and Smetana. Sun evening: Cerol Vaness sings opera arias. Tues: Ivo Pogolreich piano recital (4809 8614) Cuvilliés-Theater Tonight, Frl,

Sat and Mon: Manfred Trojahn's

opera Enrica. Sun in the Prinzregententheater: Julie Kaufmann song recital (221316) Gärtnerplatztheater Tonight and Fri: Luisa Miller. Tomorrow, next Mon and Thurs: new production of Siegfried Matthua' Carnet Rilke opera. Sat Le nozze di Figaro (201 6767)

LYON

Auditorium Maurice Ravei Tonight, Fri, Sat: Philippe Herreweghe conducts Jean-Claude Berutti's Opéra de Lyon staging of Schumenn's Manfred (7828 0960). Tomorrow: Emmanuel Krivine conducts Orchestre National da Lyon In Berlioz, Schumann, Jarrell and Ravel, with solo pianist Jean-Marc Luisada. Next Thurs: Anne Sophle Mutter (7860 3713)

ballet mixed hill, works by Renato

■ STOCKHOLM Royal Opera Tonight, Fri, Mon:

Zanella, Jirl Kylian and Alvin Ailay. Tomorrow: Cav and Pag. March 20: first night of new production of Pelléas at Mélisande (248240) Rotundan Sat, Mon, naxt Wed: Amorina, new romantic chamber opara by Lars Runsten (248240) House of Dance Cullberg Ballet till March 27, with works by Ek, Taylor and Naharin (796 4910) Konserthuset Tonight and tomorrow: Niklae Willen conducts Stockholm Philharmonic Orchestra in Alfven, Schumann, Albeniz and Ravel. Next Wed; Gidon Kremar (244130).

European Cable and Satellite Business TV (All times ere Central European Tima)

MONDAY TO THURSDAY Super Channel: Europeen

Business Today 0730: 2230 MONDAY Super Channal: West nf Moscow 1230.

Super Channel: Financiel Times Reports 0630 WEDNESDAY

Super Channel: Financial Times Reports 2130 THURSDAY

Sky News: Financial Times Reports 2030; 0130 Super Channel: European

Business Today 0730; 2230 Sky News: Financial Times SATURDAY

Super Channel: Financial Times Reports 0930 Sky Newa: West nf Moscow 1130; 2230

YAGNIIS Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: Weet of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030

that Chins contains roughly a quarter of the human race. it is remark able how unimportant to the rest of the world it has been and, as of

this moment, still is. For Japan, despite its proximity, China is no higger a trading partner than Australia. As a market for British exports, it is lia, and only just bigger than New Zealand.

Precisely because China is so vast, its energies untli now were turned inward. In the 19th and 20th centuries lts development was held back by internal upheavals, as well as by foreign Interference and conquest. From 1949 to 1978 it was walled in hy a draconian 1979 China has been changing at hreakneck speed. During the 1980s growth averaged nearly brief dose of austerity following the 1989 Tiananmen massa-cre it climbed again to 12 per cent last year.

Some of the implications are spelt out by Peter Ferdinand, of the Royal Institute of International Affairs, in a paper prepared for last weekend's UK-Japan 2000 Croup meeting at Awashima, near Tokyo. He refers to "rudimentary calculations at the IMF" suggesting that on current growth trends China could overtake Japan and become the second largest economy in the world "around or soon after the year 2000".

Simple projections of current trends are nearly always wrong, of course. Mr Ferdinand lists political, economic, enviroomental, administrative and foreign policy problems that China now has to confront. But he also sees similarities between China's development model and those of other east Asiao economies, which have sustained high growth for 20 years or more, based on a high ratio of savings to gross domestic product.

Already there is a de facto ing Hong Kong and Taiwan to the mainland. This in turn, says Mr Ferdinand, will be increasingly lotegrated "into the dynamism of the broader Asia-Pacific region".

It is thus quite plausible that through this decade at an aver-

Asia as a region

A forum for co-operation should be encouraged



Aslan anxlety: China's

age of 7 per cent, while exports rise from their current 17 per cent share of GDP to at least 20 per cent. In that case, China's share of world trade could be 3.5 per cent by the year 2000 the share that Canada, a G7 member, has now.

China's military power will no doubt keep pace. It is currently buying large numbers of SU 27 and MiG 31 fighters from Russia, and has shown interest In acquiring an aircraft carrier from Ukraine

increasing defence expenditure is a general trend throughout the region. in part, it reflects the increased spending power of states with rap idly growing economies, but it also stems from a general insecurity. Peace, a necessary condition for continued economic growth, is not taken for granted. Indeed, many of China's neighbours are less inclined to take It for granted than in the past, when the cold war made it reasonsbly certain that the US would remain militarily engaged in the region. Yet it is hard to believe that

e regional arms race is the best way, either to encourage the receivership, is a striking US to stay in the region or to reminder of the destructive nsate for its withdrawal What is needed is a multilaterat politicat relationship across corporate Britain. would both reflect and

ensure the growing interdependence of the region's econo-East Asians are quick to tell you that their region does not lend itself to institutions such as Nato, the EC or the Conference on Security and Co-operation in Europe. It lacks a common cultural heritage, they

say, and even a clear geographical identity. The states of the region have divergent interests and different political systems. Behind these abstractions turk more specific anxieties. Many fear a new Jspanese hegemony, while Japan (rather like the UK in Europe) fears being forced to choose between a regional role and Its special relationship with the US. The US Itself has discouraged the East Asian Economic Caucus proposed by Malaysia, fearing it might lead to discrimination

against US exports. Yet, ironically, the US has also, hy pushing Japan to open lts financial markets, helped bring about the beginnings of a "yen zone" in which the dollar is losing ground. And there is no ohvious reason why an Asian economic grouping should be any more protection-ist than the North American free trade area. East Asia is even more dependent on international trade than are North America and western Europe; and so has even less interest than they do in a world of protectionist trading blocs.

The emergence of China as an economic power should make multilateral relationships in Asia easier to manage because they would no longer automatically be dominated by Japan. It also makes them more necessary. If China is isolated it will remain suspicious of external powers, and more inclined to rely on military strength for its security, which in turn will make neighbour-

ing states less secure. What is needed is a forum in which China and other states interested in east Asian security (which must include Russia and the US) can find ways of reassuring each other about their military capabilities and political intentions. The next post-ministerial conference of the Association of South-East Asian Nations would be a good place to start.

he threat of further job losses hanging over British workers at Leyland Daf, the commercial vehicle maker in

The introduction of the 1986 Insolvency Act after nearly a decade of debate was seen as an important support for strug-gling husinesses. But after being put to its first real test in the recession, that belief is now being called into question.

Mr Chris Hughes, head of insolvency at Coopers & Lyhrand, the UK's largest accounting firm, reflects this pessimism. He says that all too often the law amounts to a prescription to "hayonet the wounded" among companies in financial difficulty. He calls for wholesale reform of the law.

His remarks had important symbolic value, since the 1986 Insolvency Act was based on a report by a committee chaired by the late Sir Kenneth Cork of Cork Gully, the insolvency firm which merged with Coopers 13 years ago. The report called for measures to belp businesses in debt survive and preserve their employees' jobs. Its proposals proved highly controversial, and the legislation had 1,200 amendments

before it was passed. The evidence suggests Sir Kenneth's hopes have not been realised. Figures from Dun & Bradstreet, the corporate information group, show 16,600 business failures in 1982, in the middle of the last recession, in 1992, the number was 62,800. Failures as a proportion of all companies paying value-added tax jumped from t.2 per cent in 1982 to 2.8 per cent in 1991.

Several Insolvency firms have started to call for modifications to the law. Their primary concerns focus on improvements to the operation of two procedures introduced hy the 1986 act; administration orders and company voluntary arrangements (CVAs). More radical suggestions would weaken the power of creditors.

Administration orders offer the chance for a company to survive by keeping it trading and protected from its creditors while it restructures. Companles apply to the courts for such protection and, if the application is successful, an insolvency practitioner is appointed to oversee the process. Well-known examples include Mr Asil Nadir's group Polly Peck International, British & Commonwealth, the financial services group, and Olympia & York, the developAndrew Jack examines growing pressures to reform Britain's corporate insolvency law

Little succour for the stricken

ers of Canary Wharf.

In some cases administration has proved successful. Chancery, a small financial services company, was snccessfully reconstructed at the end of 1991. Bnt most companies under administration have failed to emerge intact.

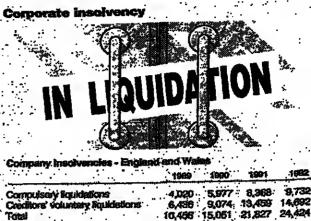
Mr Hughes argues that more companies should be encouraged to apply through the courts for protection, by simplifying the procedures and hy removing disincentives. These include the requirement for the administrator to report on the conduct of the company's directors. He would also like the law to permit creditors to apply for administration orders and the courts themselves to propose them.

Few want to see the procedure become more like the protection from creditors offered under Chapter 11 in the US. This leaves the management in charge of the company, generates a complicated series of creditors' committees and results in large professional fees over years. "Chapter 11 is frightful," says Mr Mark Homan of Price Waterhouse, the accountancy firm. "The debtor is lawyered to death."

Insolvency practitioners are equally eager for reform of company voluntary arrangements, under which the manment puts up a restructuring proposal to creditors and continues to run the company. CVAs have to be approved by court order but the system is far tess bureaucratic than other insolvency procedures.

However, under the current CVA system, a company has no protection from its creditors once it has informed them of its need to renegotiate its debts unlike under the system of administration. Neither do CVAs offer protection to directors against wrongful trading prosecutions if they operate insolvent businesses. As a result, CVAs are only normally used once an administration order is coming to its end.

"We need a stay of execution of about a month under some supervisory authority during which directors have the



1,706 4318 7,515 Receiverships
Administrator appointments .. 211 137 lembers' voluntary figuidations 4.092 ... 3,719 Compulsary liquidations Creditors' voluntary liquidal

Members' voluntary figuidations

chance of renegotiating their debts," says Mr Homan. During that period, the company would be protected from any action hy lts creditors.

The problems with administration orders and CVAs are illustrated by the fact that since the 1986 law went into effect they have been used in less than t per cent of all insolvency procedures (see table).

Many companies entering receivership do not end up in liquidation, but are ultimately sold as running husinesses without the loss of all their employees. But the process is still destructive, since it may jeopardise the survival of other small businesses or individuals who are creditors to the comand are unlikely to be paid in full. "One company's bad debts are another compa-

ny's failure," says Mr Paut Shipperlee of accountants Levy

A more radical approach to cutting the number of insolvencies, advocated by some practitioners, would be to reduce the incentive of creditors to appoint receivers. That could be achieved by abolishing floating charges - the system whereby hanks secure their loans against all of a company's assets. This gives the receiver the power to raise funds on behalf of the creditor from across the husiness,

In most other countries, by contrast, banks can only secure loans with fixed charges on specific named assets. Receivers, appointed by the banks, are therefore more restricted in their ability to raise funds from the business

The various calls for insol. vency reform have, until recently, received little official snpport. But late last year, the Department of Trade and Industry announced a wide ranging reform of company law. A part of this review, according to Mr Neil Hamilton, minister for corporate affairs.

would include an examination of company voluntary arrangements. Further details are expected later this year.

But there is still much disagreement about how exten-sive reform should be. Mr Niget Hamilton of Ernst & Young, the president of the Society of Practitioners of Insolvency, believes that the procedures of administration and CVAs needs some amend

ments. However, he says radi-

cal reform is not necessary and

that the existing law can be made to work. Insotvency practitioners are also reluctant to endorse publicly reform of floating charges, since so much of their business is awarded by banks. Banks would resist any move to curb their power over borrowers. But the Ideas are being discussed by bodies such as the insolvency lawyers association Equally, Mr Nigel Hamilton

argues that a "rescue culture" cannot be achieved by changes in the law alone. He says that the Inland Revenue and Customs & Excise – typically large creditors to companies in trouble - are often too inflexi. hle in negotiations which could save a husiness. More generally, he says that by the time insolvency practitioners are called in, it is often too late to

chieve e rescue. A recent survey by the society estimated that the most important reason for company collapses was management fail ure. Many left it far too late to seek professional assistance in paying their dehts, leaving little alternative to receivership.

Mr Chris Morris, head of corporate special services at Touche Ross, the accountancy firm, says he frequently comes across directors who have pursued lavish lifestyles, written cheques to creditors but then stuffed them into desk draws, and failed to send out invoices. "We suffer from a lack of competent management to steen companies through difficult

times," he says.

The quality of management is unlikely to improve quickly. But with reform of insolvency procedures also expected to be a protracted process, many more companies, their creditors and employees will face the prospect of collapse.

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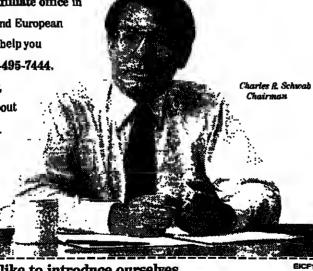


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THE EDITOR

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urgent need of transport investment

From Mr Peter W Corfield. Sir, Your leader, "Rail in London" (March 9), is right to highlight the serious flaws in the logic upon which the rumoured postponement of Crossrail is based. It should be borne in mind that the same manipulators of statistics influenced the capacity of the M25 - a brilliant exercise in forethought, analysis and planning for growth. In this case, they appear to have overlooked the Paddington to Heathrow link,

among other things. There is little doubt that the transport infrastructure in and around London is at crisis point and, political dogma apart, is in urgent need of sig-nificant investment. If London is to retain its position in the premier teague of interostional financial centres that investment must be committed now

- and not just on rail projects. Those responsible for traffic planning in the metropolis seem obsessed by their need to manipulate congestion instead of adopting a longer-term policy of providing diversity. There is no value in diverting the congested Al3 traffic on to the new Docklands highway if, as is likely, the result is gridlock at Tower Hill. Similarly, there is no point in providing the Channel tunnel termini at Stratford and Wsterloo if the Jubilee Line is not extended. Your editorial is wrong, how-

ever, to compare Crossrail with the Jubilee Line. Twenty-five per cent of the cost of the Jubi-lee Line extension will he borne hy the private sector, just as the £3.25bn public investment in infrastructure has been matched by £12.5bn of private investment in the area. Docklands is far from being a "withered extremity". It is alive, confident in attitude and poised to meet the challenges of the 21st century.

Now all we need to do is apply the same formula to the rest of London. Peter W Corfield London Docklands Business

Initiative. 10 Cabot Square, Canary Wharf, London E14 4QB

London in | Wrong assumptions | Call to arms about investment flows in Europe

From Mr Stephen Thomsen. Sir, There is a dangerous notion about that there are winners and losers from foreign direct investment ("Footloose across Europe's frontiers", March 9), If Britain attracts more investment than the rest of Europe, then it must be a ringing endorsement of British policies, particularly towards labour. The erroneous assumption is that companies are looking for the best place to locate within the single mar-

While that may be true in some cases, recent research at Chatham House suggests that | London SW1Y 4LE

the vast hulk of investment flows in and out of the same set of countries. The UK is the largest recipient in Europe but it is also the largest investor. How are we to explain that on the basis of relocation decisions? Like trade, direct investment is often used as a form of market access by companies. Also like trade, investment is a positive sum game. Stephen Thomsen, research fellow, Royal Institute of International Affairs, Chatham House,

10 St James's Square,

New growth theory as the backdrop of policy initiatives

From Mr R Kozul-Wright and Mr J M van Brabant.

Sir, Samuet Brittan's heavy-handed treatment of the new growth theory ("Endoge nous growth - treat with care", March 4) misses the core of the debate. He implies that this is merely a re-run of a familiar (and intrinsically flawed) story stressing capital investments and government subsidies. This is incorrect.

First, his summary of new growth theory as "throw[ing] hricks and mortar, machinery or research laboratories at prohlems" as the "key to pros-perity" misses the stress on the interdependence of technology, training, trade and capital investment. Because investment in plant and equipment must he complemented by building np learning capabili-ties (that is, learning to learn, learning to borrow, learning to do and learning to use), history

Mr Brittan's reaction is to recall the role of entrepreneur-ship. However, the heroic ship. However, the neroic Schumpeterian figure, and even more the Hayekian agent of arbitrage, is increasingly marginalised by developments in the global economy. The most dynamic firms are acquiring and improving their entrepreneurial capabilities in close co-operation with other firms and public agencies. Similarly,

successful national development strategies have involved public support to tearn, to experiment and to create. This is the essence of the lessons to be derived from the experience of rapid growth in east Asia. which belies many of the free market nostrums of the 1980s and highlights the importance of public and private co-opera-

Second, while Samuel Brittan is still pondering the etiotogy of growth and investment endogenous growth theory is capturing important changes in the global economy. In particular, the explosion in foreign direct investment, which has contributed significantly to the diffusion of technology, to new ways of organising husiness activity and to new forms of competition in the global marketplace, can now receive the attention it deserves. On all accounts, new growth

theory has brought economists closer to decision-making in Seoul and Tokyo, and now indeed in Washington. This, rather than the spnrious calculations of growth accountants, sets the backdrop against which much needed new policy initiatives can be formulated. Richard Kozul-Wright and Jozef M van Brabant. Department of Economic and Social Development, United Nations, New York

should be heeded

From Mr David A Turnbull.

Sir, in response to your precent articles, "One more talking shop" (Observer, March 2), and "Ten Point plan for credibility" (March 3) may l make the following comments. First, the cynicism of Observer's comment, "hands up anyone who hasn't yet formed a pro manufacturing industry lobby group?" is not becoming of your newspaper. This article actually refers to three "pro manufacturing lobby groups". Considering the dire state of the economy and in particular the manufacturing sector therein and the government's apparent lack of belief, interest or support, existence of such groups is hardly surprising.

Politicians and the government should ment should pay more atten-tion to the "call to arms" of dedicated, committed and active manufacturers, which have so far managed to escape the effect of ineffective and inept poticies promoted by their political leaders.

Second, I admire the 10-point plan set out by Dr John Pendlebury and David Shipley as it concurs almost exactly with what we in the UK Industrial Group brought to the notice of the public in October 1992 to an extremely positive press response, including your own newspaper.

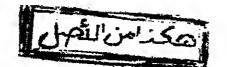
May I draw your attention once again to the UK industrial Group which is now taking action on eight of this article's 10 points. Further liaison and long-term planning is needed on the points concerning the education system.

May we therefore ask the

government to back its sudden and vociferous interest in manufacturing hy communicating with these committed groups. In particular, government should be taking note of the comments of these groups to effect a long-term industrial hased economic strategy for the ultimate good of the UK and its people. Dsvid A Turnbull, director general, The UK Industrial Group,

7th floor, Victoria House Victoria Road, Aldershot

Hampshire GU11 1JJ



FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Wednesday March 10 1993

Major must persevere

Europe and probably Mr John Major'a Conservative government as well. That is why it is highly likely - nothing is certain - that the necessary legislation will be pasaed during the next six months. The defeat of the government on a minor amendment on Monday night demonstrated that the Conservative party is divided, and that the prime minister is ruling from a position of parliamentary weakness. But that is merely to confirm what was already well-known. It does not mean that the bill will be thrown out.

The state of the s

all to arms

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eded

Nor should it be. The treaty, which is not perfect, is the product of long negotiations during which a number of important concessions were made to British sensibilities. The debate about the degree to which the Maastricht agreement represents a step towards a European federal state is sterile: the fact is that British husiness believes it has a chance of prospering within the wider European economy, while it would be hard-pressed to thrive if it is obliged to compete alone in the deep blue sea. Even those who are unwilling to concede the merits of Maastricht as a logical development of the single market should accept that for the UK it represents the minimum price of admission to European deliberations.

Most members of the House of Commons understand this. The three national parties fought the election last April on manifestos that indicated support for Britain's developing membership of the European Community. Each one has its contingent of Europhobes, but the prevailing view among Conservative, Labour and Liberal Democrat MPs alike is that the Maastricht treaty must be

Mr Major should do all be can to ensure that the voice of this majority prevails as soon as possi-

BRITAIN WILL ratify the ble. The delays caused by the tac-Maastricht treaty. If it fails to do tics of the bills' various critics and so it will lose its influence in opponents are getting in the way opponents are getting in the way of other business. If the process is dragged on through the summer Britain's commitment to honour ing its signature may begin to be questioned by Community part

ners and potential investors.

The blame for delay should not be shouldered by the prime minister alone, although the govern-ment's tactics have been less than brilliant. Labour and the Liberal Democrats, both ostensibly committed to ratification, have become shameless opportunists. The leader of the Liberal Democrats, Mr Paddy Ashdown, wants his party to be noticed; the Labour leader, Mr John Smith, needs to maintain unity in his own ranks by being seen to attack the gov-ernment whenever possible. The votes of both these "pro-European" parties were cynically com-bined with those of the anti-Euro-

pean Tory rebels on Monday.

There is not much that Mr
Major can do to end the rebels' filibuster, or even to avoid defeat on Britain's opt-out from the social chapter. He cannot agree with Labour that Britain should opt in to the social chapter. That would be unacceptable to a majority of Conservatives. He cannot agree to the rebels' demand for a referendum before the treaty is ratified; that would make a nonsense of his own previous statements, and might even fail to pass

through the House. He could, however, promise a referendum before Britain opts in to a European single currency, if a future government chooses to do so. That would not prevent ratification now. It may allay the fears of at least a few Eurosceptics. Such an offer should only be considered as a last resort. Meanwhile Mr Major must persevere, and take his knocks as the bill is fought according to Britain's quaint rules of parliamentary pro-

Whenever the US Federal Commu-

their aim has been to gain access

to each others' markets or simply

BT's licence application offers a

chance to break the logiam. This will not be achieved, however, if

the authorities in both countries

continue to listen to producer lob-

hies instead of focusing on the

wider economic benefits of com-

petitive markets. Politicians also

need to take an active interest.

rather than leaving the matter in

the hands of middle-ranking offi-

cials. Mr Michael Heseltine, the

UK's secretary of state for trade

to protect their home turf.

tional licences in the UK.

UK calling US

BRITISH Telecommunications' have complained about discrimi-application this week for e licence nation against them in the US. to operate an international service out of the US provides a goldenopportunity to sweep eway restrictive practices which keep the cost of transatlantic calls artificially high. The price of calls between minute - could fall by more than half if there were a competitive market, analysts say. Since there are about 1.5hn minutes of telephone traffic between the two countries each year, the prize of cheaper calls is well worth having.

To win this prize, the US and UK will need to take bold action to open up their markets. It will not be easy, given that two years of talks aimed at achieving precisely this have made little progress.

The snag is that, though both governments want a reciprocal opening of markets, their phone companies have provided them with multiple excuses for keeping their markets shut. Whenever the UK's Department of Trade and Industry bas suggested opening the UK end of the transatlantic route to more competition, BT and

and industry, should reopen talks as soon as a new head of the FCC other British phone companies Insuring exports

BUSINESS HAS welcomed Mr John Major'a recent public espousal of the role of exports in his strategy for economy recovery. But some industrialists argue that they are paying a price for the recent privatisation of the part of the Export Credits Guarantee Department that handles sbort-term export credit insurance. They are wrong on the pri-vatisation, which has been a suc-cess. Where they have a legitimate complaint, however, is over the lack of government arrangements for reinsprance against political risks after 1994.

Exporters are getting better service from NCM - the Dutch credit insurar which acquired the ECGD'a short-term business than could have been delivered by a government department. They can, for example, take out a single credit package for both domestic and international husiness, where before they needed to take out two. Furthermore, in a market in which NCM is often competing with four other companies for an insurance contract, many exporters have seen premium rates fall.

Meanwhile, the government no longer needs to worry about the bill for insurance of commercial risks, which are firmly in the private sector, where they belong. On reinsurance, however, the government may have gone too far. It must reconsider its decision to make private sector reinsurers assume full responsibility for coverage of political risks associated

with wars or political upheavals. Reinsurers like Munich Re and Swiss Re insist that the private sector does not have the capacity to cope with such political risks, even within the EC. They argue that commercial insurers could never cope with the concentration of risks involved, while the potential effects of the current Italian political crisis on sales to stateowned companies demonstrate that those risks are not confined to developing countries.

As part of the original privatisation, NCM won the government's agreement to offer reinsurance for political risks for a three-year period to the end of 1994. But it is concerned that business is being affected by uncertainty beyond that year.

The government should acknowledge that wholesale privatisation of reinsurance may be an over-ambitious abort-term aim. It should prolong the transitional reinsurance arrangements, not only for NCM, but for competitors like Trade Indemnity as well. By setting clear limits to government exposure, however, and ensuring the risk of reinsurance is shared by the private sector, the government could also limit the costs to itself and help foster a private market substantial enough to han-

dle all risks. The longer-term goal must be the elimination of reinsurance by governments of developed countries against political risks created by one another. Such competition is particularly absurd within the EC. New York does not insure its firms against political risk in California. Why should the UK insure its exporters against political risks

special Congress of People's Deputles will convena today in Moscow, the latest in a series which has loomed over Russian pobtical life over the past year. Like vast clouds, they roll in from the horizon, preceded by prophecies that this time the deluge they carry will swamp President Boris Yeltsin and his govern-

As Timothy Colton, head of Harvard's Research Centre, says in a recent book*, prediction "is about as easy as judging a symphony by its opening bars: the ear picks out isolated chords and notes, melody and rhythm elude it". Using this metaphor, we can say that the Russtan symphony becomes more and more discordant, and no one is

playing together. Mr Yelisin and his government have few options left except in tough it out. Their mood is hard: though wbether that hardness has depth, or is simply brittle, will be tested at today's Congress. Mr Yelt-sin has threatened unspecific action of an authoritarian kind in order to inspire fear: if Congress calls his bluff, he either has to act decisively or make yet another messy com-promise, which will deepen and prolong the crisis.

The parliament, both Congress and the Snpreme Soviet, are increasingly opposed to the president and government. As Galina Starovoitova, the former presidential adviser, said recently: "Wa are in the anomalous position of having the parliamentary majority in the opposition." The centrists nn longer think Mr Yeltsin recognises their concerns and can answer them: Mr Alexander Vladislavlev, deputy head of the Union of Industrialists and leader of the "Renewal" party, said yesterday: "Yeltsin is not really interested in consensus and compromise. And if he does the kind of thing he seems to be threatening. then we are back to the politburo and the Bolshevik era."

Among the harder opponents are a substantial proportion who are engaged on quasi - or fully - treasonable activities, such as conspiring with military officers to overthrow the state authorities. This goes on openly: Communist and nationalist deputies demonstrate together for the resignation of the president to whom the latter have taken an oath of loyalty. They stand on platforms and threaten extraparliamentary action to achieve this end. No move is made against them. Mr Ruslan Khasbulatov, the parliamentary speaker who remains in parliamentary terms a moderate, has little room left in which to make yet another of his famous last-ditch compromises. Mr Valery Zorkin, the chairman of the Constitutional Court who devised the last compromise between parliament

Barely afloat on a cruel sea

John Lloyd says that President Yeltsin has few options left as the power struggle in Moscow intensifies



and president, has since compromised his position by siding with Mr Khasbulatov in rejecting a refer-

Those loyal to Mr Yeltsin, like Mr Boris Nemtsov, the governor of the governor of Nizhny Novgorod, famous for his support of pro-market change in his region, say that the anti-presidential forces simply do not have the strength to stop the tide of change, "In so far as they want to centralise power back in Moscow, they cannot do so except with guns. And I don't think they have enough, it has gone too far,' Still, in his celebration of the freedom given to (or taken by) him and other regional bosses, he implicitly admits the perceived weakness of the present administration: Its inability to stop Russia falling apart. A chorus of domestic and foreign observers now likens Mr Yeltsin to Mr Mikhall Gorbachev in mid-1991, floundering helplessly

before a disintegrating state. And the people? The clamour that "things were better before" grows

ever louder. En route back from Nizhny, three separate strangers took time and trouble to stress bow much they hated what was happening in their country: one, an Aeroflot flight ettendant, said she knew that the lemonade she was serving was terrible - "but It was better before. And now so expensive! If the quality was better it wouldn't be so bad". Even in the privatised shops in Nizhny, the pride of Russia's reformers, there was grumbling about the political instability (in the town) which made them unsure that they would be allowed to transform themselves from payers of rent to real owners. A Moscow paper at the end of last

week asked the citizens of Verdlovsk (now Ekaterinburg) - Mr Yeltsin's old home town and former base as first secretary - bow they

felt about their favourite son. Sour, most of them. The tenants of his old flat were just putting up a solid steel front door for protection and the neighbour was hanging out pictures of Stalin to commemorate the 40th anniversary of his death last

All the polls show Mr Yeltsin's popularity down, support for some kind of "firm grip" ever increasing.
"I fear the Russian mass, aroused and pitiless," said Mr Yeltsin last December, quoting Pushkin. Everyone fears that now: and they fear each other. The nation is teetering, its leaders struggling over the tiller as the storm breaks. The best of them, in and out of government, can hardly keep reform's momen-

tum going.

Mr Yeltsin's options are stark: he either makes a compromise with the parliament, or be decides to break with it. He has signalled e willingness to do both, keeping

them guessing, alarming them with talk of decisive measures, soothing again with suggestions of compromises. He may not yet know himself

The compromise route could entail dropping the idea of a referendum with, possibly, acceptance of a defined date for parliamentary and presidential elections. If this were the route, both constitutional and economic change would be further stymied. Mr Yeltsin could bardly allow his government to inflict the pain of real "shock therapy" nn a people whose vote he would soon be canvassing; parliament, under the present constitution, can obstruct any attempt to adopt a new constitution because It can block every legal step to-

aving passed up the cbance to reform a Soviet-ers parliament and constitution while he retained the momentum and popularity to do so a year and a half ago, President Yeltsin is now eumesbed in the closed circles which the constitution prescribes. Mr Khashulatov, the speaker, says only a parliamentary system can safeguard Russia's new-won freedom: Mr Yeltsin says that only an authoritative presi-dency can drive through reform and, by doing so, safeguard democracy. Behind the undoubted importance of the rival conceptions lies a naked power struggle. Compromise is only a pause between rounds.

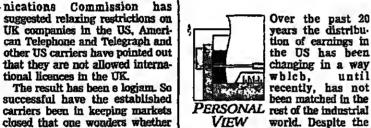
never an agreement in principle. But to break out of this would be fraught with risk. General Pavel Grachev, the defence minister, may have allowed it to be reported that the army wants "decisive mea-sures". But he has been as contradictory as Mr Yeltsin, and must fear that, if he comes out in full support of the president, he may this time back the wrong horse (General Gracbev got his job by choosing to back Mr Yeltsin against the coup leaders in August 1991).

The bottom line of presidential rule, or the declaration of e state of emergency, is an army willing to shoot its own people; an army willing to do that must either be desperate, and/or believe that the power in whose name it is doing the shooting will survive to give it political exculpation in the longer term.

Mr Yeltsin, unfortunately, is now seen as possibly being a short-term president – by both foreign and domestic observers. He needs to show be is in charge, and decisively in charge, in order to dispel that view. Yet to do so be risks everything. Today's Congress is - yet again - a critical moment for Russia, and for the world. * After the Soviet Union, ed Timothy

Colton and Robert Levgold (W W

Why US locomotive should decouple



years the distribution of earnings in hill wblcb, until recently, has not been matched in the

VIEW world. Despite the fact that the real American per capita gross national product has been rising (up almost 30 per cent from 1973 to 1992), real earnings have been falling for much of the workforce. While about 20 per cent of the male workforce has been on a rapidly rising up escalator, another 20 per cent has been on a level moving sidewalk, and the remaining 60 per cent has been on e down escalator.

Two factors lie behind these statistics. Technology seems to be demanding a moch more skilled workforce. Wages have been rising for the skilled and falling for the unskilled. As the US is much more open to manufactured imports from low-wage third-world countries than either Europe or Japan, what economists know as "factor price

equalisation" (in a global economy escalator, Clinton needs to offer a they are bying in first-world coundown wages of the unskilled. To some extent America's work-

ing wives have come to the rescue. By working an increasing number of hours per year they have succeeded in holding the real family incomes of the bottom 60 per cent of the population approximately constant, even though male wages have been falling. The average American family rightly sees itself working much harder yet making no economic progress. Even more frightening, most of these families now have little unused female work effort that they can throw into the economic fray. Wives are already working close to full-time. Nothing but economic decline looms ahead. Not surprisingly, voting studies reveal that those on the up escalator voted overwhelmingly for President George Bush while those on the down escalator voted overwhelmingly for President Bill Clin-

ton. To have any chance of deliver-

ing on his promise to stop the down

those with third-world skills will number of things, such as greater make third-world incomes even if investment in skills. And a 4 to 4.5 per cent rate of growth is an absolute necessity if he is to create growing job opportunities and rising real wages for the 80 per cent male workforce that did not participate in the economic gains of the

1970s and 1980s. But suppose he were to succeed

If this surge of imports were to occur, it would drown **President Clinton's** economic recovery

and the 4.8 per cent growth rate of the fourth quarter of 1992 were to be sustained. President Clinton would immediately bave a trade problem. The US starts with a large trade deficit (rapidly rising toward \$100bn) and could expect a huge surge of imports if it were to succeed to growing much faster than the rest of the industrial world. But if this surge of imports were

ery. If one looks at the relationship between output and employment in \$45bn in extra manufactured imports essentially costs the American economy Im jobs. Mr Clinton cannot afford to lose those jobs. If he does, he will not be able to deliver on his promises to those that elected him. As a result, the president has no choice but to take whatever actions are necessary to ensure that the US trade deficit does not worsen. To put it bluntly, President Clinton cannot let the American economy become a loco-

to occur, it would essentially drown

President Clinton's economic recov-

motive for the rest of the world. The rest of the world is now an economic train too large for the US locomotive to pull alone. if the US were to try, its recovery would simply stall. The right answer from the US's, and the world's, perspective is an aggressive co-ordinated fiscal and monetary expansion with the three big economies (Germany, Japan and the US) acting as a joint locomotive. If such co-ordination cannot be arranged quickly, however, Mr Clinton will have no choice but to take direct action to stop the US trade deficit from worsening.

The clash between the world's desire to book on to the American need to decouple his locomotive from the rest of the world's economic train will be most acute with respect to Japan. Japan bas a \$135bn trade surplus, which is rising at the rate of \$50bn per year. Based upon history, if the US were to grow substantially faster than Japan. Japanese exports to the US could be expected to surge.

The problem is very aimple. Japan does not know how to engineer an economic recovery without such an export surge; the US will not have a domestic recovery if such a Japanese export surge were to occur.

The immovable object meets the irresistible force.

Lester C Thurow

The author is Dean of the Alfred P Sloan School of Management, Mas-sachusetts Institute of Technology

Musical chairs

■ With simultaneous puffs of white smoke from New York and London yesterday, two of the world'a best known business weeklies change editors. In the US the parents of Barron's, one of Wall Street's more conservative institutions, played safe. By contrast, albeit true to form, the owners of The Economist catabulted yet another young fizzer into the editor's chair.

The contrast between the two new editors couldn't be wider. Barron's James Meagher, now 57, is a career hack who was number two to Alan Abelson, the revered editor for over a decade. The Economist's new chief Bill Emmott is a good 20 years younger, and has what Americans would describe as an Ivy league background.

He was chosen over the magazine's 46-year-old deputy editor, Nicholas Colchester, an old FT hand and fellow Oxford man. They even went to the same college, Magdalen.

The Economist has a tradition of picking young turks as editors. One has to go back over 30 years, to Donald Tyerman, who took over from Geoffrey Crowther, to find an editor who was over 40 when selected for The Economist chair. Given that Tyerman was one of the less successful editors. The Economist's emphasis on youth has paid off to date.

The magazine's circulation has long since surpassed Barron's and is rising. Emmott is a popular choice among his staff. His intellect is not in doubt and his managerial skills have been tested by a stint knocking the Economic Intelligence Unit into shape. That said, however, there's

always a risk in leap-frogging an older generation. Not least because there is so much farther for The Economist to fall in its 150th year.

Fortifying ■ It often needs a bit of hard work

to understand the thinking behind the various European Community initiatives. But this one has stumped Observer. Hands up anyone who knows why the socialists have invited 48 EC 40-year-olds to Strasbourg tomorrow to celebrate the 40th anniversary of the European Parliament?

Resurgence

■ So who's being tipped for the job of UN's chief political representative for Bosnia once a peace agreement has been concluded? Lord David Owen, that's

who. Though many obstacles still stand in the way of a settlement, the nitty gritty of implementing an agreement is already being discussed in private by members of the UN Security Council.

OBSERVER



exciting, isn't lt?

It is already clear that secretary-general Boutros Boutros Ghali will have to appoint not just an overall commander for the greatly enlarged international force required to operate the military provisions of the hoped-for settlement, but a political representative to boot.

After his impressive performance as one of the two co-chairmen of the Bosnian peace conference. Owen is virtually certain of winning the support of the European Community and Russia for the new political appointment. The French, in particular, have been impressed by his combative style, not least the manner in which he has countered US criticisms of the peace plan he drew up with Cyrus Vance. In short, the lost eader has returned to the fore.

Honey-tongued ■ So John Birt claims that he saved

only £810 in tax by being paid his BBC salary through a private company. The great man has clearly never heard the story of the Victorian parlour-maid. When tackled over the arrival of an illegitimate child, she replied, "it's only a little one, ma'am". Birt, unlike the parlour maid,

had the benefit of a report from accountants Ernst & Young to quantify the mischief. But despite this impressive imprimatur, we suspect that Birt's mission to explain has been about as successful as the early day attempt to shrink the kid.

Low turnout

■ Could this be a political first? A political opinion polister who has nothing to say.

Elaine Winter, editor of the NOP Political Social Economic Review, part of Lord Hollick's MAI stable. has suspended publication of its bi-monthly review. "This is largely a result of the fact that since the general election there has been a histus in the political polling that we normally do due to lack of interest," she says in a sad letter

"People were so fed up with it after the election that they are not commissioning polls. If anyone needs voting intention data they can phone us up and ask if we have it, but we are doing more social than political work these days." says Winter. She promises customers their money back and saya publication will resume as sooo as "we have enough material". Maybe if Maastricht's upsets continue, Winter's discontent could turn into glorious summer earlier than she thinks.

Marble halls

to subscribers.

True, the English could not be expected to go as far as the Irisb, who are re-opening the disused public toilets near Dublin's Trinity College as an exhibition hall for two sculpted bronze urinals - one in the shape of Britain and the other of Ireland. Bnt surely there's a case for granting public access to top people's toilets tantamount to works of art in their own right.

There are several examples in the City of London alone. Word has it that the Bank of England harbours some sumptuous sanctums, especially for upper rankers. Moreover, the Midland Bank chairman's chamber is decked out with shoe shine apparatus, three hairbrushes, comb, clothes brush, nail scissors and nail file. Nominations for others deserving

tourist-attraction status welcomed.

PROFIT WITH THE **ENVIRONMENT** RPS GROUP PLC 0235-863206

FINANCIAL TIMES

Wednesday March 10 1993



German union to act despite bankruptcy of former state-owned plants

IG Metall calls a strike in east

IC METALL, the German engineering workers' union, yes-terday decided to go ahead with strikes in east Germany in pro-test at the cancellation of their wage contract by eastern employ-

The union's national advisory council made its decision in spite of the fact that most of the former state-owned plants in east Germany are effectively hankrupt. Moreover, 80 per cent of the trade union's eastern members are already unemployed.

Mr Franz Steinkühler, the union leader, said token strikes would be called from April 1, and a ballot for a full strike was being

The workers are demanding

Gold worth

\$8m seized

at office of

Kanemaru

A TEAM of investigators yester-day seized 100kg of gold bars

from the Tokyo office of Mr Shin

Nagatcho, close to the parliament

that he used some of the political

funds he collected for his per-

sonal purposes. He and his pri-

vate secretary were arrested on

Saturday over alleged tax evasion between 1987 and 1989 which

could amount to more than

Mr Kanemaru resigned from

scandal-tainted trucking com-

dominated the ruling LDP,

through his legendary ability to

Mr Kanemaru's liquid assets,

largely held in forms which do not need to be registered with the

However it is estimated that in addition to the Y1bn in gold bars, he also held between Y2.8hn and

Y5hn in discount bank bonds.

NHK, the hroadcasting corpora-tion, reported that Mr Kanema-ru's undisclosed assets are

Discount honds, which Mr Kanemaru started to huy in 1984, can be purchased anonymously.

Opposition party leaders alleged that Mr Kanemaru's decision to

keep such large sums in unregistered bonds and gold bars was evidence that he was trying to

svoid paying tax. Mr Kanemaru and his secre-

tary are due to be charged by

Saturday and could remain in

thought to be worth Y7bn.

There are various estimates of

By Charles Leadbeater

provides for a 26 per cent pay rise on April 1, and the full equalisation of eastern wages with those of west German engineering workers from 1994, he

Mr Steinkühler, who has been key negotiator with chancellor Helmut Kohi in the national negotiations on a "solidarity pact" to help finance the recovery of east Germany, rejected an offer of top-level talks with the emptoyers in the Gesamtmetall

"Now is not the time for talking, it is the time for paying." he said at the union headquarters in Frankfurt vesterday. He rejected the "horror stories" of the employers of looming bankruptcy, and insisted that the eastern plants could afford the pay rise. State-hy-state negotiations with the employers on new contracts in the five east German Länder collapsed last month, and official arbitration failed to hreak

The emptoyers are offering a wage rise of no more than 9 per cent on April 1, to compensate for inflation. They are also seeking an extension of the wage equalisation process over several years, to allow the eastern enter-prises time to become competi-

They maintain that productivity in east German manufacturing industry is 70 per cent below that in west Germany, whereas engineering wages already stand at 70 per cent of those in the west, and would rise to 82 per

cent if the full wage rise was paid. Mr Dieter Kirchner, director of Gesamtmetall, said the employers' move to cancel the contracts was an essential step to free companies under the direct threat of closure from the excessive wage burden.

IC Metall, the largest and most influential trade union in Cermany, says the employers are seeking to break the wage contract system in the east to undermine collective bargaining in west Germany as well. Local officials in the east

admit, however, that it may prove difficult to persuade members to go on strike, if they fear their companies will close.

Krupp closure protest, Page 3 Economy shrinks, Page 3

'Introverted' drugs industry urged to regain public trust

By Paul Abrahams in London

MR HENRY WENDT, chairman of SmithKline Beecham, the Anglo-American drugs company, yesterday called for a new social contract between the pharmaceutical industry and society.

His comments were seen as a response to recent criticism from US president Bill Clinton who said he had been shocked hy the cost of medicines and the amount that drugs groups spent on mar-keting and advertising. In what was widely perceived

as a peace move, he told the FT pharmacenticals conference in London: "We must show President Clinton and his first lady the economic henefits of using pharmaceuticals. We must show our customers - those that pay for drugs - that they are good

"We need acts, not words, Part of that involves keeping down prices," he said.

The industry had reacted too slowly to concerns about pricing hy relying on national trade asso-ciations, Mr Wendt said. These found it easiest to defend the status quo. Senior executives had not shown sufficient leadership. "We are at the 11th hour and the

The US administration is expected to announce its health-care reforms on May 1. Mrs Hil-lary Clinton, the first lady, heads the White House healthcare reform task force. Mr Wendt admitted that com-

pany promises to limit average increases in drug prices to the inflation rate had been ambigu-ous. Some medicine prices had risen more than inflation, even if a group's average price had not Pharmaceuticals groups would

have to look at their cost base, said Mr Wendt, SmithKline Beecham was looking at every aspect of its business. "There are no sacred cows." He called on the industry to improve a tarnished image that made it an easy target for politi-

cians with hardly a murmur from the public. The industry had to regain society's trust. "This is an introverted industry. The sector has been dazzled hy the glory of its success in the financial markets and our introversion has taken on a character

to the bottom in most opinion surveys in terms of perceived social responsibility and contrihution to the common good.
"We can no longer afford these

"Our industry now ranks close

losses in public esteem. In terms of public trust, we are running out of credit," he said.

"We must exclude less than honourable behaviour. Medical conferences should no longer be in the world's most exotic watering spots and there should be an end to financial inducements to doctors," he said. He called for a new rigorous market-ing code that could stamp out ahuses on a worldwide basis.

To prove the cost-benefit of drugs, he called on the industry to launch international cost-effectiveness trials run by third partles. He said the sector should also provide grants to universi-ties to strengthen the study of

THE LEX COLUMN

Chemical reactions

European chemicals companies are clearly reluctant to follow ICI's example by maintaining dividends through the downturn. With the exception of Akzo, all are some way behind in the process of rationalisation. Without a rights issue to support, the likes of BASF and Hoechst have little incentive to pay out more than they can afford at this uncertain stage in the chemicals cycle. That makes it difficult to interpret BASF's decision to shave only DM2 from last year's DM12 dividend.

Judging hy the 5 per cent rise in the shares, the market was braced for something worse. The sketchy fullyear figures released yesterday suggest a hetter fourth quarter than expected. But it is too early to call the turn. In August, BASF was not anticipating a sustained recovery in petro-chemicals until the second half of the decade. DSM, which is equally exposed to hulk chemicals and the sliding German economy, has halved its dividend in view of the hleak outlook.

If BASF has tax or other short-term reasons for maintaining a relatively high payout this time, another cot can not be ruled out. The 6.5 per cent gross yield - a match for the return on German government bonds - would then be an unreliable support. If the company is trying to please investors hy smoothing the dividend, though, the shares may have further to rise. BASF has a balance sheet strong enough to stand the strain of such a policy without a rights issue,

Hillsdown Holdings

Hillsdown's annual results might have dissolved the market's worst fears but they also highlight fresh anxieties. The held dividend and the new management's resolve to squeeze higher profits from its £4.4hn of sales will certainly have underpinned the strong recovery in Hillsdown's shares since September. But the yield story is rapidly exhausting itself. Further gains will depend on strong earnings. These, though, are likely to prove highly elusive. Under the new FRS 3 UK accounting standard, Hillsdown recorded losses per share of 0.3p last

Hillsdown is wielding the butcher's knife in its attempt to improve efficiencies. The £92.3m extraordinary reorganisation charge reflects its serious intent to sort out 30 underperforming husinesses. The rationalisation of its poultry division shows what can be achieved. Sterling's devaluation will FT-SE Index: 2949.9 (-7.4)



also help by bolstering overseas earnings and restoring Hillsdown's competitiveness against marauding French chickens. But the diversity of Hillsdown's portfolio suggests surgery will be a drawn-out process. An increasing tax charge will further hinder earnings progress this year.

1990

The market may also question the long term future of a low margin producer of commodity foods. As yet, the management has scarcely addressed the strategic issue. They are surely right to conclude that without greater predictability of cash flow little else can follow.

BBA

BBA's decision to switch half of its dollar borrowings back into sterling looks like a perverse consequence of accounting conventions. Like others, the company had previously matched its foreign assets against borrowings on the argument that this protected It from exchange rate movements - any fall in sterling would increase the value of foreign assets and debts equally. Low dollar interest rates also kept down borrowing costs, and the practice conveniently transfers profits back to the UK to reduce advance corporation tax problems.

However, sterling's fall produces strange effects in such groups' consolldated balance sheets, Because their capital is in sterling and much of the deht is in overseas subsidiaries, any fall in the pound raises the level of balance sheet gearing. Yet provided the deht is properly matched against real husiness interests, and interest cover in local currencies is adequate. the gearing rise is a purely accounting

REALISING AMBITIONS

THROUGH FLOTATIONS

however, does not want to see gearing rise any more as a result of any further fall in sterling. Hence the transfer

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empar ne in

fts concern is understandable given the excessive importance attached to gearing. Yet crystallising a foreign exchange loss hecause conventions struggle to cope with the real world is the accounting tail wagging the opera-tional dog. The Accounting Standards Board might care to look at what is clearly an inadequate method for translating foreign subsidiaries into consolidated sterling accounts.

UK economy

Yesterday's producer price figures make it difficult to avoid the conclusion that inflation looks set to remain low despite the devaluation. Thanks partly to productivity gains, the underlying rate of output price growth was only 2.7 per cent in the year to February. Retail price inflation may thus stay within the government's target range, reducing upward pressure on interest rates as recovery takes

That augurs well for growth which should in turn, boost government revenues, easing its PSBR problem. But lower than expected inflation has drawbacks in this respect too. Tax revenues are affected quickly; many spending benefits only acrue later. Nor is there much scope for pushing public sector pay increases below the government's existing 1.5 per cent target. Success on the inflation front will force the government to work extra hard to contain its deficit. But it does, at least, provide cover for measures such as the non-indexation of tax allowances, clawhack of spending increases and extending the reach of

Union Discount

Union Discount had little choice but to sell Winterflood, otherwise it would have had insufficient capital to retain its banking licence and continue with Its traditional money market business. It may now he able to turn its fortunes round. But it will have to make Its capital sweat to produce a decent return, and It is difficult for such a grandiose name to accept the status of mere niche player. One must hope Union does not become over ambitious. That would be doubly disconcerting after the careless way it lost money on September 16.

European frustration at UK

By Ralph Alkins in London in central Tokyo.

As gold can be hought anonymously, it is alleged that Mr Kanemaru accumulated his holdings to avoid paying income tax.

Mr Kanemaru faces allegations

BRUSSELS reacted with a mixture of frustration and resignation yesterday to the parlia-mentary defeat suffered by Mr John Major in his efforts to ratify the Maastricht treaty on European union.

Some EC diplomats openly speculated about Mr Major's ability to deliver ratification despite efforts by the UK government to reassure European partners that it will press ahead with ratification as quickly as possible.

parliament last October after being fined Y200.000 following his admission that he received an illegal Y500m political donation from Tokyo Sagawa Kyuhin, a over the latest delay and suggested it signalled a loss of authority on the part of the UK prime minister. But in London Mr Major insisted: "The treaty is During the late 1980s Mr Kanemaru established himself as the most powerful figure within the then Takeshita faction, which in the national interest and we

Downing Street shrugged off as "trivial" the 22-vote defeat, on the opposition Labour party's amendment on the European Committee of the Regions, but it indicated that government hopes of completing Maastricht's parlia-

British Telecom, the UK's largest

privatised operator, wants the Commission to use special legis-lative powers to break open the

market Immediately. Deutsche

Telekom, the state-owned Ger-

man group, favours introducing

competition on all long-distance calls, domestic and international,

hnt says a formal decision should

not he taken until the end of

1998, hy which time it would have completed a DM60bn (\$36hn)

programme of infrastructure

investment in eastern Germany. The Commission has already pushed through directives

Continued from Page 1

mentary stages this summer are Democratic Left leader, said the receding. Ratification is expected before the end of the parliamentary session in autumn, officials

In Brussels, one diplomat described Mr Major's latest set-back as creating "frustration bordering on exasperation", adding:
"This is throwing a spanner in the workings of the whole Community; we're in limbo."

But, at the same time, diplomats from large member states played down the significance of what one described as "a proce-

In the European Parliament, Mr Jean-Pierre Cot, chairman of the Socialist group, said he was worried about Mr Major's mis-management of the ratification process. "I don't know whether he has control to get Maastricht through. I think we are entitled to know whether he can."

But Mr Cot conceded that he was not an expert on British poli-

tics. Like other MEPs gathered in Strasbourg, he appeared baffled hy the complex process of treaty ratification in the Commons

alised data and information ser-

vices, which account for about 10

per cent of the EC market. But hardliners within the Commis-

sion have always criticised the

inflated cost of international and

intra-EC calls, which they say hampers the competitiveness of

EC companies.

If the Commission does decide to push for open competition, it will be evidence that the EC's

executive has begun to recover its dented self-confidence. Last summer, the Commission twice

delayed approval of a document outlining the liberalisation

options to avoid annoying France hefore the referendum on the

Commons vote showed the weakening of Mr Major's government. "But at the end of the day, we want the UK to ratify the Maas-

tricht treaty".

In London Mr Major warned
Euro-sceptic Tory and Lahour
MPs that delays to Maastricht's ratification will cost jobs as the government's defeat on Monday provoked angry recriminations

within Conservative ranks.

The next twists in the Maastricht debate are likely to centre on amendments tabled by Labour on economic and monetary union due for debate next week and then on Maastricht's social chapter, described by Sir Marcus Fox, chairman of the Tory's rank-and file 1922 committee, as the

"crunch" point.

Labour is pledged not to back "wrecking amendments" that could stop ratification. But there is a grey area over its social chapter amendments which, if passed, would require the government to insert the chapter into the treaty.

Editorial Comment, Page 13

Kanemaru, until last year a pow-erful figure in the Liberal Demo-cratic party and the "godfather" of Japanese politics. delays on Maastricht treaty The Tokyo prosecutor's office, which is investigating Mr Kane-maru's alleged tax evasion, found gold hars worth about Ylhn (\$8.26m) in the office In

and David Gardner and Lionel

MEPs also expressed dismay

will pursue it."

dural hiccup".

Mr Luigi Colajanni, Italian

Russian reforms

in jeopardy

Continued from Page 1

- "including considering per-sonnel changes in the cabinet" hnt it could not move beyond a fundamental commitment to hring down inflation and the hudget deficit, and retain good relations with the west.

The indications yesterday were that Mr Yeltsin would not win acceptance of these proposals, already turned down hy the smaller Supreme Soviet – nor that Congress would approve the four questions he wants on the ballot paper in the referendum he wishes to hold on April 11.

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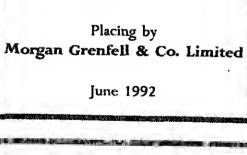
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custody at the Tokyo detention centre until next Wednesday. increasing competition in speci-World Weather

Competition in EC telecoms

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Wednesday March 10 1993

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Global Capacity

INSIDE

GE to give more cash to Hungarian venture

Tungsram, the Hungarlan light bulb group in which General Electric of the US has a 75 per cent stake, plunged to e Figh (\$10m) loss in 1992 and will remain unprofitable this year. Meanwhila, PepsiCo, tha US food and drink group, has acquired FAU, a leading Hunganan soft drink company, and said it would invest \$115m in the group over the next five years.

Redundancy for KIO executives The Kuwait Investment Office, the International investment arm of the gulf state, has made redundant the four axecutives who have run its \$2bn US property operations for the past decade. Mr Ati-Rashid al-Badar, chairman, sald the four had been made redundant in a

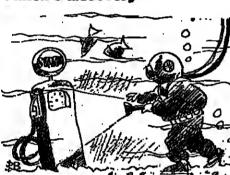
"cost-cutting programme". Page 16 Brazil shrugs off politics

Boyespa Index in \$ serms

Brazil's stock markets have seemed immune to the political and eco-nomic Instability surrounding tham. From December to February, the Bovespa Index gained 207 per cent, compared with inflation of 99 per cent for the period. Foreign Inves-Dec Jen Feb Her tors era tempted, but playing it safe. Mr Rob-ert Barclay, president of

Baring Securities Brasil, said: "They sre waiting for a clear sign that economic reform is moving forward. Yet they ere all terrified of missing out." Back Page

Statoil's discovery



Norway has announced the largest oil discovery in eight years, in tha ramote northern region of the Norwegian Sea, Statoli, the Norweglan state of company, which made the discovery, believes it could be biggar than the find recently mada by British Petroleum which is estimated to contain 250m to 500m barrela of

Heinz earnings figure revised

H.J. Heinz, the food group, warned that earnings per share in the year to end-April would total about \$2.50. Analysts, guided by the comrecently. Page 18

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OTHE FINANCIAL TIMES LIMITED 1993

By Christopher Parkes in Frankfurt

profits and dividends.

BASF, the weakest of the big three, cut its dividend by DM2 to DM10 compared with the DM3 or DM4 reduction widely

The news gave all chemicals stocks and the DAX index of 30 leading shares an immediate boost. The index closed up more than 18 points at a new high for the

By Philip Gawith In Johannesburg

DE BEERS, the South African company which dominates the

world diamond market, yesterday

pleased investors by keeping the cut in its 1992 dividend to 29 per

cent after announcing e 35 per

cent fall in earnings for the year. Many analysis had predicted a

much larger reduction in the pay-

out. The company's ahares

climbed after the announcement,

closing at R68.85 - nearly 4 per

Analysts agreed the size of the dividend cut indicated that De

Beers' financial health and the

state of the world diamond indus-

try were better than the market

De Beers sparked a furore in

August by predicting a dividend

cut and announcing a 25 per cent

BRITISH fund managers have long prided themselves on their ability to

sniff out an undervalued stock

and add it to their portfolio at a

cent up for the day.

had expected.

year of 1,713.13. BASF stocks, which analysts noted that both groups had 2 per cent last year and stood 8.5 per cent gained DM9 as soon as the news was

payout and a 17 per cent drop in earnings were revealed after the markets

According to yesterday's figures, pre-tax profits at BASF slumped 41 per cent to DM1.24bn (\$740m) on sales down 4.5 per cent at DM4.5bn. Earnings at Hoechst were 17.7 per cent to DM2.1bn, while eales fell 2.8 per cent to DM4.5bn. sales fell 28 per cent to DM45.9bn. In spite of the early market reactions,

De Beers allays dividend

fears with 29% reduction

cut in the quota of diamonds it

would buy from producers. These

moves appeared to go back on earlier bullish forecasts from De

Mr Julian Ogilvie Thompson,

chairman, said the fall in earn-

ings reflected the difficult second

half. Attributable profits at De

Beers and Centenary, its offshore

arm, fell 49 per cent in the second

Pre-tax profits on the diamond

account fell 20 per cent to \$644m

from \$801m in 1991 reflecting the

Net interest income alumped 79

per cent to \$30m from \$141m.

This was a function of lower cash

balances after the company bought up diamond supplies that

bypassed the Central Selling

Organisation (CSO), the De Beers

company that trades 80 per cent

of world rough diamond output.

Norma Cohen looks at a computer-based method of

active stock selection that is crossing the Atlantic

impact of the quotas.

reduced their dividends by less than expected after profits fell by around 20 per cent in 1991. At the time this was interpreted as a sign that worse was yet to

Early estimates of the outlook for the current year and details of further rationalisation plans will be given at the groups' annual press conferences next week. Dividend and earnings details at Bayer, ths last of the big three, will be published after its supervisory board meets tomor

Average prices for chemicals fell almost

below those of 1985, according to the chemicals industry association. Prices for organic chemicals and plastics slumped

almost 8 per cent. Confidence in the pharmaceuticals business, which usually avoids the worst effects of cyclical downturns, has slumped lately because of the introduction of price cuts, controls and preacription limits imposed from Bonn. According to early figures, drugs sales bave fallen by between 30 per cent and 40 per cent in the first two months of this year. Lex. Page 14

truck arm falls into the red

By David Buchan in Paris

RENAULT Vehicules Industriels, the French truckmaker, yesterday announced a FFr1.62bn (\$287m) net loss for 1992. Turnover fell by 8 per cent with a 38 per cent drop in European sales in the second half.

Mr Jean-Pierre Capron, RVI president, said be hoped that balance might be restored in the second half of this year.

But as a measure of the depth of the recession into which the European truck market had now fallen, hs said RVI's sales for both the last six months of 1992 and the first six months of this year would only total what the company had sold in the first half of 1990 alone.

The only bright spot was the relative success of the US subsid-iary, Mack Trucks, in reducing its operating loss from \$195m in 1991 to \$145m last year. The US company had been set

the goal, in a recovering market, of returning to profit in 1994, Mr Capron said.

The group's FFr1.62bn net loss follows a FFr23m net profit in 1991, and includes FFr612m worth of provisions to cover restructuring.
This will cut its French work

force by a further 1,348 jobs this year after 1,008 job losses in 1992 and a decision to end vehicle assembly in the UK. Mr Shemaya Levy, director of RVI's European operations, said

that from its 1989 peak of 311,000 truck sales, the European truck market would fall from 260,000 last year to 220,000 this year. Last year, RVI beld its fourth

position among European truck makers, but its share fell from 10.5 per cent in 1991 to 9.2 per This resulted from the above-

average decline in the French and Spanish markets where Renault is particularly strong, and the fact that the French truckmaker is still trying to expand in Germany, whose post-unification market last year accounted for 40 per cent of all sales in Europe.

"We bave adjusted our production to a demand that almost vanished in the second half last year," Mr Capron said. 'As a result, our operations

dwindled to a level we had never experienced in the past and that generated considerably higher

The coach and bus market declined much less than the more cyclical truck market, but French defence cuts reduced Renault's military turnover by 40 per cent.

Cuts in German chemicals sector expected

Mr Ogilvia Thompson esti-

mated that \$500m to \$600m worth

of diamonds which bypassed the

CSO - both legal and illegal - had come from Angola during the year, of which De Beers had

Attributable earnings fell to

\$491m from \$759m, while equity

accounted earnings fell to \$757m from \$1.07bn. Rarnings per share, excluding retained earnings of

associates, fell 35 per cent to 129 cents. The dividend was cut to

Fears about the size of dia-

mond stocks held by the CSO

appear to have been exaggerated.

Although these rose by \$700m in

1992, to \$3.77bn, pushing the ratio of CSO stocks to CSO sales up to

110 per cent from 77 per cent in

1991, this is still some way below

the high of 136 per cent in 1982.

Cantions optimism, Page 38

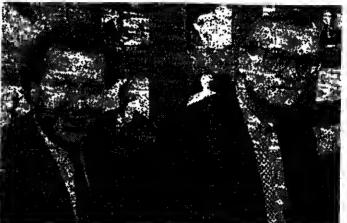
79.1 cents from 112.1 cents.

bought about two-thirds.

THE GERMAN chamicals industry is expected shortly to announce further costcntting measures after BASF and Hoechst yesterday announced sharp falls in 1992

released, ended even higher at DM240.10, up DM116 A DM3 cut to DM9 in the Hoechst

Agency shows underlying profit



Bobert Louis-Dreyfus (left) with Charles Scott yesterday

Saatchi writes off £600m of goodwill

By Gary Mead, Marketing Correspondent

SAATCHI AND SAATCHI, the world's second largest interna-tional advertising group, yesterday wrote off £800m (\$852m) of goodwill associated with US acquisitions made when it was expanding in the 1980s.

However, excluding the write-offs, the underlying position of the group for 1992 showed a pre-tax profit of £18.9m, against 1991's losses of £47.2m. The figures were compiled under FRS 3, the new UK accounting standard. Group revenues grew by 1 per cent last year to £748m. Trading

profits were up 67 per cent at £34.2m, with operating margins up from 2.8 per cent to 4.6 per cent. Mr Charles Scott, who takes over as chief executive from Mr Robert Louis-Dreyfus in April, said he expected operating margins to be 6 per cent this

Mr Scott said 14 companies within the group incurred losses in 1992, in Jspan, Sweden, China and the UK, but their combined losses bad been reduced from

on disposals were reported. Net debt at the year-end was £194m. up from £181m. Losses per share were 387.2p, against a restated 58.6p. Excluding the write-offs and losses on disposals, earnings per share were 0.2p (against losses of 15.4p for 1991). No dividend will be paid.

£14m to £7m. Losses of £13.4m

The write-offs - which do not affect the group's cash position - particularly relate to the Ted Bates agency, bought for £450m in 1986. Mr Scott said that £238m of goodwill remained on the books associated with the 1980s

Mr Scott said the group had reduced the number of staff on annual salaries of £150,000 and

Mr Scott denied that British Airways - one of the group's most important global accounts - was considering swapping agencies. Some big US clients bad chosen to spend relatively more of their marketing budgets on sales promotions than brand advertising.

Analysts are forecasting 1993

pre-tax profits of £24m.

This announcement appears as a matter of record only.

December, 1992

Warburg, Pincus Investors, L.P.

and an affiliate of



Bankers Trust International PLC have committed

£70,000,000



UK Cable Partners Limited (incorporated with limited liability in Bermuda)

to finance the construction and development of its UK cable television and telecommunication interests.

Arranged by:

Apax Partners & Co. Corporate Finance Ltd.

Number-crunchers hope to beat index with 'quant' leap FACE IT - STOCK ANALYSIS IS NOT AN EXACT SCIENCE BUY... NO, SELL. ER, WELL MAYBE BUY TIN A FEW ...

cheap price. But the poor performance sic "active" fund managers have soured clients who, increasingly. are showing an interest in alternative approaches to stock selec-In this spirit, a statistics-driven system of stock selection, picneered largely in the US, is gaining currency in the UK and international markats. "Active quantitative" stock selection is basically a marriage of the analysis by traditional fund managers

reliance on computers, UK firms have begun to offer it to pension fund clients. In passive quantita-tive stock selection, the fund manager simply builds a portfolio to mimic a specific stock index, making no judgments on relative merits of stocks. "Active quant" data-based analysis favoured by

is a more systematic approach to active portfolio management. "We try to replicate with a computer what a traditional fund manager would do by hand," says Mr Kevin Rowe, partner at Bnchanan Partners, an active quant boutique which specialises in the use of equity derivatives. "The difference is risk control."

and the use of computers which is the basis of quantitive tech-

Known in the US as "black box" technique because of its

The idea that risk can be reduced by selecting stocks after analysing vast amounts of infor-mation about their characteristics is gaining currency in

Among the leading providers of active quant fund management are Hill Samuel Asset Manage-ment, State Street, County Nat-West Investment Management, Kleinwort Benson and several boutiques, particularly Pareto Partners, PanAgora Asset Man-agement and Barr-Rosenberg. The growth of active quant in the UK has also been aided by the arrival of several firms whose sole function is to provide data-bases to analysts. Among them are California-based Barra Company and a new UK firm, Quan-

"I think that 10 years from now we will find that traditional active management has declined significantly and a much more computer-oriented approach will take its place," says Mr Roger irwin, senior partner at actuarial consultants R Watson and Co. "The top-quality active quant products will overtake the topquality traditional products."
Not all consultants are as

enthusiastic. Mr Robert Baker,

partner at Mercer Freser, notes

that some traditional active man-

agers score consistently above

the active quants. Also, there is a basic scepticism towards a technique that seems to guarantee above-average returns.

But those who sell the tech-nique insist its popularity is growing Mr Alan Greenhorn, formerly director of quantitative fund management at Hill Samuel where he pioneered the firm's product, says that slowly, the technique is gaining credibility in Britain. Hill Samuel manages about £450m (\$639m) for 11 pension fund clients, as well as managing the core of Cambridge's Emmanuel College trust fund.

Mr Greenhorn and his team recently moved to State Street, a division of the US firm which specialises in both passive and active quantitative fund management techniques in the American markets. "A few years ago, if you beld a conference on active quant, maybe three people would have shown up," he says. "Now you would get dozens."

hat makes active quant different, he adds, is that vast quantities of data can be studied to help form a clearer picture of a stock's value. "We have spent three years building up a database of UK stocks showing each stock's exposure to different sectors."

The data showed that many stocks are misrepresented by conventional classification systems. For instance, although P&O, the shipping company, is generally classified as a transport stock, Hill Samuel's analysis showed that only 35 per cent of its revenues come from transport.

In looking for risk, Hill Samuel examines such factors as the concentration of earnings from difaverage returns using none of the ferent sectors by a company, technique."

overseas earnings and cashflow as well as macro-economic factors such as interest and exchange-rate risk and short term price volatility.

Because largs quantities of data about each company - and ebout the market in which it operates - must be analysed in depth, computers are needed. The sim is to isolate those characteristics most likely to occur in underperforming stocks. What they are and how to spot them is

e subject of some debate. Mr Alan Brown, chief invest-ment officer at PanAgora Pund Managers, says that his stock selection process has isolated roughly a dozen factors which are likely to affect share values, such as price-to-book ratios and dividend yield.

Because the technique is aimed as much at reducing risk as it is at optimising returns, it is not likely to outperform an index by more than one to two percentage points, ba says. But in an industry where ontperforming an index consistently by even a fraction of I per cent is considered outstanding, the attractions of active quant are clear.

Mr Rick Lecaille, assistant director et County NatWest Investment Management, which is also offering an active quant product, says: "The data quality has improved dramatically over the past three years, and so has the technology.

Our view, is that we take the same approach as traditional active stock managers. We strip out the key features they use in stock analysis and build those into e computer model I predict that in a few years, all the traditional managers will be using some form of active quant

INTERNATIONAL COMPANIES AND FINANCE

with 10.6% increase

By Alica Rawsthorn in Paris

CARREFOUR, one of France's largest retailing groups, yesterday announced that it had overcome its problems in the first half of last year to produce a 10.6 per cent increase in net profits for the full year to FFr1.33hn (\$287m) in 1992 from

FFr1.21hn in 1991. The group which, like other French retailers, has been affected by the sluggish economic environment saw net profits fall in the first half of 1992. The news of the decline triggered the resignation of Mr Michel Bon who, as chairman, had orchestrated the company's expansion in the 1980s.

OLIVETTI, Europe's largest

maker of personal computers,

is to become the European

partner in an international

strategic alliance seeking to

exploit the nascent market for

"personal communicators" -

pocket telephones with inhuilt

fax and computing capabilities.

equity stake in EO, a Silicon

Valley start-up company which

is marketing personal commu-nicators in the US. The other

members of the alliance are

AT&T. the US telecommunica-

The company is teking an

difficult trading conditions in the second half of last year. increase sales hy 16.7 per cent to FFr117.14hn in 1992 from FFr100.38hn in 1991. Euromarche, the hypermarket group that Carrefour acquired in 1991, made a full-year's contribution to the 1992 figures hut contributed for only six months in 1991.

The board proposed raising the dividend for 1992 to FFr35, against FFr32.5 in the previous year. Carrefour benefited from a profit of FFr287m on the sale of its Pyrca subsidiary hut also made a special charge of FFr291m for writing off good-

Olivetti joins communicator group

and Marubeni, a leading Japa-

invested about \$10m in EO.

The alliance has been seek-

announced availability in the

US of its first personal commu-

nicators which combine the

functions of a cellular tele-

phone, facsimile machine and

pen operated computer.

Mr Jacques Fournier, who succeeded Mr Bon as chairman after the latter's resignation last autumn, has continued to sell off peripheral interests to ralse capital for the group which is now investing heavily in new technology and stock control systems.

The French hypermarket sec tor, in which Carrefour is the leading player, has hecome increasingly competitive following last summer'e deal in which Casino took over the Rallye chain and the transaction in December wherehy retailing, made its Gallic debut by huying the Catteau group.

Japan, the world's leading conable in the US and will be opersumer electronics company, ational in the UK and Europe later this year. EO communicanese trading company. Each tors cost between \$1,999 and \$3,299 in the US; UK pricing has not yet been announced hut is likely to be about £1,500 ing a European husiness part-(\$2,168) for e basic model. ner since late last year when It

Mr Corrado Passera, Olivetti managing director, said lt was e small investment for Olivetti in a market expected to grow explosively. World demand has been estimeted at 1m customers next year, growing to 100m by 2000, equivalent to \$20hn in The device communicates over digital radio telephone cir- annual hardware sales.

UK motor parts group up 53%

By John Griffiths in London

BBA, the UK motor components group, reaped the full benefit of cost-saving measures with a 53 per cent Increase lo pre-tax earnings

BBA's group pre-tax profit of £47.4m (\$67.3m) in the year to December 31, up from £30.9m, items and on turnover of £1.32ho, up from 1991's £1.25bn. Profit before tax and exceptionals was 23 per cent higher, at £60.3m against £49m. The final dividend was 5.25p to make an unchanged total of 7.5p. Lex, Page 14

Bid by Spanish bank to sell network delayed

By Tom Burns in Madrid

A BID hy Banco Central Hispano, the hig Spanish commercial bank, to sell its main nationwide subsidiary network to Banque Nationale de Paris has been delayed indefinitely. a spokeswoman for BCH said

yesterday. BCH, however, denied press reports that the French bank had pulled out of protracted negotiations to acquire the 165hranch Banco de Fomento in a deal that has been valued at up to Pta47hn (\$398m). "The talks are on standhy," the spokes-

Spanish hank's attempts to streamline its husiness and hoost its liquidity following disappointing 1992 results. Fuelling the BCH's discomfort is the fact that Germany's Deutsche Bank, which had expressed interest in Fomento at an earlier stage, last week acquired Banco de Madrid, the subsidiary network owned hy Banesto, e rival domestic com-

BCH, posted a 22 per cent drop in net profits last year to Pta52.6hn despite a sharp Increase in extraordinery income from disposals.

into WestLB influence stepped up

By David Waller in Frankfurt

THE Bundeskartellamt. Germany's federal cartel office, has stepped up its investigation into the scope of Westdeutsche Landeshank's infloence over Touristik Union International (TUI), Europe's

largest tourist operator. The Berlin-hased cartel office has served an order on WestLB and a number of other German companies, seeking clarification of recent changes in the shareholding structure of Walter Kahn Verwaltungs, a holding company which owns 40.2 per cent of TUL. The move is part of the

Bundeskartellamt's longstanding investigation into WestLB's role in the German travel sector. WestLB, state hank for North-Rhine Westphalla, owns a 34 per cent stake in LTU, Germany's largest charter-flight operator, and last year hought a majority stake in Thomas Cook, the UKbased travel company.

The anthorities are con-cerned that TUI may have come under the de facto management control of LTU/ WestLB as a result of changes in the shareholding structure of Waiter Kahn. WestLB aiready exercises influence on TUI via its majority holding in the Horten retail group, which owns an indirect 25 per cent stake in TUI.

If this were so, there would he competition implications for the German travel market, the Bundeskartellamt believes. Mr Jürgen Kiecker, Kartel-

lamt spokesmen, said the information order had been sent to the Sndwestdentsche Landeshenk, state hank for Baden-Württemberg and also a shareholder in Walter Kahn. as well as WestLB and TUL

The move follows the cartel office's decision last December to reopen investigations into WestLB's purchase of its stake in Horten in 1991. This investigation was leter blocked by the Berlin courts.

WestLB said yesterday that it neither had control of TUL nor sought to win it. Its stake in Walter Kahn was only 18.77 per cent, the bank said.

Carrefour beats recession | Cartel probe | Four KIO executives in US to go

By Robert Peston, Banking Editor

THE KUWAIT Investment Office, the international investment arm of the guif state, has made redundant the four executives who have run its \$2bn US property operations for the

Mr Ali-Rashid al-Bader, chairman of one of the world's powerful investors with a portfolio worth around \$20hn, said the four executives, led by Mr Michael Puglisl, had heen made redundant in a "cost-cut-

ting programme". The four – who include Mr Richard Della Pietra, Mr Richard Battista and Mr Luis Pomponio - were executives of

owned US company. Their departure follows Mr Saleh Al-Zouman's appointment in January as chairman of Fosterlane's management company.

Kuwait is one of the 20 higgest investors in US properties. Most of its properties are owned by a network of companies controlled by Fosterlane. It has maintained a veil of secrecy over its US properties.

Tenants often have no idea buildings are owned by the KIO. But it has invested around \$2bn in US properties, often in partnership with Mr Gerald Hines, the US property investor. It controls well-known US huildings, including New York's "Lipstick

Building", at the corner of 53rd street and 3rd Avenue, Chase Manhattan's offices at 350 Park Avenue, 101 California in San Francisco, and the Dallas Galleria. It also owns 40 per cent of the General Motors Building in New York.

The four departing executives are understood to have three-year contracts and will continue to receive their salaries, estimated at more than \$1m a year in aggregate, for

that period. Mr al-Bader said their departure reflected a basic change of approach by the KiO in managing its property portfolio. Rather than expand this portfolio, the KIO would realise investments when it could.

He said that this was part of its new worldwide investment strategy, which aims to convert illiquid investments, such as property, into more liquid holdings, because the costs of the 1991 Gulf war depleted the

KIO's liquid reserves. An executive with a close knowledge of the KIO said St Martins Property Corporation, the KIO's UK property company, was likely to make sub-stantial property disposals. St Martins owns London Bridge

City, one of the biggest Thame-side developments in London Mr al-Bader added there could also be redundancies at the KIO's London headquarters, although no decision had

Atlas Copco:

ATLAS Copco, the Swedish industrial and engineering

group, has strengthened its

position within rock excava-

tion technology by huying Rob-hins Company of the US, the

world's largest supplier of

hard rock tunnel boring

buvs tunnel

boring unit

Trygg-Hansa swings into deficit

further drop in property val-ues. As a result, the company

scrapped its dividend after pay

ing out SKr4 per share in 1991.

The insurance result halved

By Christopher Brown-Humes

TRYGG-HANSA SPP, the leading Swedish insurance group, swung to a SKr5.2hn (\$682m) loss in 1992 from a SKr531m profit a year earlier after suffering more than SKr6bn in losses through its exposure to three hankrupt

Swedish companies. The group had large holdings in Gota AB (the holding company for Gota Bank) and two collapsed credit insurers, Sveneka Kredit and International Credit, which were written down to zero at a total cost of

It also suffered from a nega-

£92m charge

By Maggie Urry In London

HILLSDOWN Holdings, the UK

meat processors, yesterday announced a £92.3m (\$131.06m)

extraordinery provision to

cover a wide-ranging reorgani-

sation. Group pre-tax profits

fell 17.5 per cent to £154.1m. However, Hillsdown said that in spite of the "disappoint-

ing" results it was maintaining

Hillsdown said it was closing

its property trading husiness

with immediate effect, and had

decided to eccelerate the reduc-

tioo In its red meat activities. Lex. Pege 14; Details, Page 21

the divideod et 8.8p.

to SKr500m from SKr1.01hn, even though premiums rose 14 per cent to SKr8.53bn. The group hlamed its reinsurance operations for the fall. saying the impact of Hurricane Andrew and credit losses caused a reinsurance deficit of "several hundred million

krona," compared with e SKr28m profit in 1991. The group is to cut its reinsurance husiness hy 50 per cent this year, sharply reduc-

ing its catastrophe exposure

Hillsdown takes | Freia Marabou records

By Karan Fossii in Oslo

FREIA Marehou, Scan-

dinevia's leading chocolate, sugar confectionery and snacks

producer, reported a 4.5 per

cent increase in 1992 pre-tax

profit to NKr534m (\$75.82m)

Last autumn, Kraft General

Foods International paid \$1.5bn

in a friendly takeover of Freia,

hut approval hy the Norwegian

authorities is not expected

Freia's sales slipped last year to NKr5.38hn from NKr5.40hn

until the beginning of April.

from NKr512m in 1991, despite

weaker sales.

tive reinsurance result and a hnt also reducing its activity in a number of European markets and husiness areas. In 1992, reinsurance premiums totalled SKr2.5bn.

"We have made this move because we do not regard reinsurance as a core husiness and it was becoming too costly to huy retrocession protection, said Mr Lars Pihlgren, head of Trygg's reinsurance and

marine operations.

A consolation for the group was the revival in share prices towards the end of the year, which pushed up the group's solvency margin to 134 per cent at the year end from 110 per cent et the eight-month

as operating costs dipped to NKr4.62bn from NKr4.63hn.

Investments reached a record

Group operating profit slipped to NKr520m in 1992

from NKr548m in 1991. Net

financial items showed a sub-

stantial improvement from a

gain of NKr14m last year. Freia

attributed the improvement to

earnings from sales of shares,

currency gains and increased

interest income derived from

restructuring of the hiscuits

loss of NKr36m in 1991 to a

NKr466m in 1991.

machines. The acquisition, on undisclosed financial terms, will result in Rohhins becoming part of the Atlas Copco Rocktech Division.

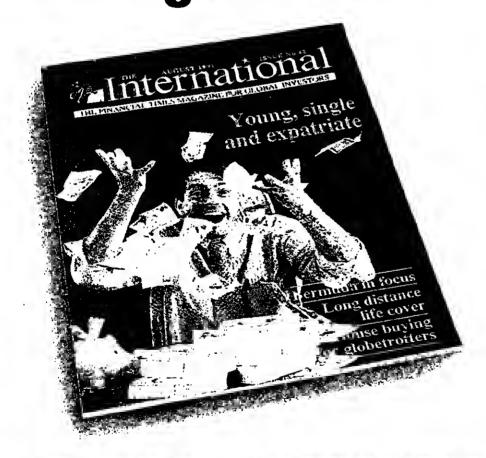
Mr Michael Treschow, Atlas Copco president, said the deal amphasised the company's commitment to rock excavation technology and expanded Its product range, it also assisted the company's goal of becoming the world's leading company within its specialist areas of business.

Robhins is hased in Kent, Washington, and has annual revenues of \$70m. The company played a leading role in the development of tunnel boring machines.

It supplied five of the 11 tunnel horing machines being used in the Channel tunnel project between England and

"Atlas Copco hrings the capital necessary to accelerate the rate of our technological developments," said Mr Richard Rohbins, president and chief executive of Rohbins.

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increase to NKr534m

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has acquired

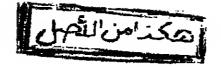
ROMA INTERNATIONAL LTD.

including

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The undersigned acted as advisor to Roma International and Invesco CEAM.

Hejka Michna, Inc.



GE's Tungsram posts third | Westpac to consecutive annual loss

By Nicholas Denton in Budapest

TUNGSRAM, the Hungarian light bulb group in which General Electric of the US has a 75 per cent stake, plunged to a Ft9hn (\$104m) loss in 1992 and will remain unprofitable this

This is the third consecutive loss for the group, and the biggest in Hungarian corporate history. It represents a 70 per cent increase on the loss for the previous 12 months.

GE acknowledges the need for a further injection of capital on top of the \$350m it has invested in the venture. The injection would cover accumnlated losses, provide cash for operations and cut debt. Losses in the past two years total Ft14.3bn, using international accounting standards. .

las Copco

ys tunnel

ring unit

in elemet Blownfillig

obliged to buy out the minority shareholding of Hungarian Credit Bank. The state-owned bank is unhappy with the partcope with its own financial difficulties. But the US company said yesterday speculation on a buy-out was premature.

Mr Charles Pieper, chief executive officer of Tungsram and GE Lighting Enrope. blamed the deficit on growing borrowings, a write-off of inherited Russian trade debts and restructuring costs.

ther 900 redundancies out of its shrunken workforce of 10.200. General Electric paid \$150m for an initial 50 per cent of previously state-owned Tungsram in 1990, creating the first sizeable western joint venture in eastern Europe and a sym-

Pepsi bas taken an equity stake in one of the bottlers and

distributors of its products in

The acquisition of FAU's

four plants is part of the broader drive by Pepsl to regain market leadership in

Hungary from Coca-Cola and

maintain its position in eastern

Europe ahead of its rival. Pepsi

plans to increase production

capacity and boost output

eastern Europe.

Tungsram announced a fur-

General Electric might be bol for the region's economic opening. Tungsram was regarded as a rare Hungarian industrial lewel, possessing corporate pride and about 6 per cent of the western European light hulb market

Tungsram has doubled forint sales in western Europe since 1989. GE has also secured dramatic improvements in productivity in Hungary and has capitalised on the quality of local research workers.

Bnt Tungsram has not been insulated from eastern Burope's economic crisis. To bear down on inflation, the Budapest government has maintained exchange and interest rates which are painfully high for exporters such as Tungsram. Sales in the former communist countries have fallen 90 per cent with the col-

operations in Hnngarian

regions outside Budapest. Pepsi's plana for Hungary

are part of a wider investment

in eastern Europe amounting

to "close to \$1hn", according to

Mr David Jones, president of

Pepsi-Cola international's East-

PepsiCo buys into Hungary area. This is the first time that of aoft drinka in plaatic bottles. Pepsi said yesterday lt was also interested in acquiring the trate on similar activities. state-owned Pepsi franchise

Mr Robert Joss, the American banker appointed managing director last month, said its Asian banking and finance interests had been profitable, hut were no longer central to the bank's objectives.

Mr Joss said the hank's global strategy "should be to concentrate on those husinesses in which wa bave a clear competitive advantage and which offer significant prospects for growth".

The restructuring follows Westpac's ahandonment of its 1980s strategy of offaring a full range of banking services in the main global markets.

series of reverses recently, climaxing in a record loss of A\$1.5hn (US\$1.06hn) for the year to September, after writing off bad dehts of A\$2.6hm and an unexpected US tax liability of A\$106m. Five directors, including the then-chair-man, resigned last year.

operations

INTERNATIONAL COMPANIES AND FINANCE

although accounting for only

22 per cent of total sales, is the main source of the earnings for

the company. Analysts esti-mate that the division gener-

ated taxable profits of

Its larger consumer electron-

ics division, with 54 per cent of

turnover, provided Won10bn in

pre-tax profits, while telecom-

munications added another

Won25bn, according to ana-

The personal computer

operations incurred estimated

losses of Won35hn, Pre-tax

profits for the group were

Won111.6bn - an increase of

It is considered unlikely the

US will penalise Samsung Elec-tronics with the 87.4 per cent

dumping duty on 1M and 4M

dynamic random access mem-

ory (D-Ram) chips It proposed

last autumn. This was ln

response to a complaint from

sung with semiconductor tecb-

But even a much lower duty

exports to the US, which pur-

chased more than half of the

company's output of D-Ram

chips last year. "Anything

above a 15 per cent dumping

duty would be bad news for the

company," said Mr Hwang

Sung-june, electronics analyst

The US Commerce Depart-

ment is expected on Monday to

determine the level of dumping

duty, while a decision on whether to impose it will be

for W.L. Carr in Seoul.

nology in the 1980s.

21.2 per cent.

Won110bn last year.

By Kevin Brown in Sydnay

trim its

in Asia

WESTPAC, the troubled Australian banking gronp, said yesterday it planned to dispose of many of its Asian operations in a restructuring of its global activities.

Westpac is to sell branch operations in Seoul and Taipei, joint-venture interest in Jakarta, and finance businesses in Indnnesia, Taiwan, Hnng Kong, Thailand, Malaysia and Singapore. Its six US offices will be consolidated into the New York office.

The group will focus on corporate hanking and global nancial market operations in Australia, New Zealand, the US, Europe, Japan, Hong Kong

It said the remaining Asian husinesses would focus on servicing Anstralian corporations, foreign companies operating in Australia and New Zealand, and participants in financial markats. Westnac has already repositioned lts European husiness to concen-

Micron Technology, the US concern which provided Samcould reduce semiconductor

Westpac has suffered a

A question of duty for Samsung

Electronics group awaits key US decision on tariffs, writes John Burton

THE STAKES are high Samsung Electronics for Samsung Electronics, South Korea's larg-Share price (Won '000) Sales (Won '000 bn) Net profits (Won bn) est electronics group, as it anxiously awaits a decision from Washington on whether the US will impose dumping duties on its semiconductors. Such penalties could pose a serious threat to the company's profitability. Samsung 100 ----Electronics, the flagship of the Samsung industrial conglomerate, reported a 5.5 per increase in net earnings to Won72.4hn (\$91m) in 1992 as sales rose hy 16.7 per cent to Won6,103bn. The semiconductor division

> Jul.1488 90 1987 made by the end of next month. The US action follows a decision by the EC last year to apply a self-regulating pricing policy to Korean chipmakers after the EC threatened to Impose dumping duties. Samsung is increasing semiconductor shipments to south-east Asia in response to the trade

Europe. Samsung is the world's fifthlargest producer of mamory chips and the biggest producer of D-Ram chips, which account beavy research and capital expenditures, which total more than \$1bn annually. Its 1992 research and development hudget of Won460bn was the higgest among Korean companies. with almost half devoted to semiconductors.

The ambitious R&D effort has paid off with the recent problems with the US and development of what was claimed to be the world's first laboratory model of the 64M D.Ram chip. It also spent Won740bn last year to build a production line for 16M D-Ram

The group's strategic importance to South Korea may force the government to support it with increased subsidised loans and other aid for research and investment if dumping duties seriously threaten profits

for 70 per cent of its inter-

The group's strategic importance to South Korea as one of the country's few competitive high-technology companies and its second-higgest listed concern may force the government to support it with increased subsidised loans and other financial aid for research and investment if the dumping duties seriously threaten prof-

Earnings are already under

grated circuit production.

pressure due to the company's

chips and modernise consumer electronics factories. But R&D and capital spending increased its debt/equity to an estimated 320 per cent last year.

The looming challenges confronting Samsung Electronics forced a management reorganisation in December, with the company's four previously autonomous divisions being placed under the direct control of a new president, Mr Kim Kwang-bo. who was formerly head of the semiconductor division. The management consolidation was considered neces sary to correct problems stemming from the 1988 merger between the Samsung Electronics and Samsung Semiconductor and Telecommunica

A slimmer management structure is meant to end the duplication of research and sales activities among the four divisions, while promoting fas-ter decision-making.

Samsung has recently forged technical alliances with other chipmakers to reduce production costs.

It signed an agreement in December to produce advanced "flash" memory chips devel oped hy Toshiba. Samsung will also manufacture semiconductor chips at a Texas Instruments' plant in Portugal, while it plans to make semiconductor manufacturing equipment in a joint venture with Dainippon Screen of Japan.

Analysts believe that improved prospects for con-sumer electronics and telecommunications might balance a possible profit fall for semi-

conductors. The consumer electronics division is cutting manufacturing costs by moving facilities to low-wage countries, with the production of microwave ovens in Malaysia, refrigerators in the Czech Republic and VCRs

in China. The depreciation of the Korean won has helped increase exports of consumer electronics to south-east Asia and Latin America, which are emerging as new markets as sales slow in the US and Europe. Domestic demand is also expected to expand this year as the economy recovers to an estimated growth rate of

6 per cent. Public procurement of telecommunications equipment, such as Samsung's telephone exchanges, is also expected to rise this year with the installation of a new cellular telepbone system.

But Samsung is likely to suffer continuing losses in its personal computer business due to fierce competition and price-

Haeco profits rise 21% to HK\$387m

By Nicholas Denton

next five years.

PEPSICO, the US food and

drink group, yesterday acquired FAU, a leading Hun-

garian soft drink company, and

said it would invest \$115m in

the Budapest area over the

The US group took a 79 per

cent interest for an undisclosed

sum in FAU, which had previ-

ously produced Pepsi products under licence for the Budapest

HONG KONG Aircraft HK\$1.8bn. Engineering Company (Haeco), a Swire Pacific group company which holds the monopoly on commarcial aircraft maintenance and engineering in the colony, yesterday posted a 21 per cent rise in net profits for 1992 to HK\$387.9m (US\$50m), from HK\$320.6m in

amount of \$1600.55.

3i Group plc

\$125,000,000

notes 1997

Guaranteed floating rate

For the three months period 8 March 1993 to 8 June 1993, the

ined by 5 G Warburg &

Luxembourg, March 05, 1993

rate of interest has been

Co. Ltd at 6.375 per cent per

Interest payable on 8 June 1993 will be £160.68 per £10,000 note and £1,606.85 per

Agent: Morgan Guaranty Trust Company

JPMorgan

MAN WAY

MALLTO.

The profits were struck on a 16 per cent increase in turnover to HK\$2bn, from

The company said there had

said the volume of work passing through Haeco was expec-ted to be satisfactory during

Nationwide.

Floating rate notes 1995

Notice is hereby given that the notes will bear Interest at

6.0479% per annum from 8 March 1993 to 8 June 1993.

Interest payable on 8 June

per £100,000 note.

JPMorgan

1993 will amount to £152.44

per £10,000 note and £1,524.40

Nationwide Building Society

Agent: Morgan Guaranty Trust Company

\$250,000,000

DOMUS MORTGAGE FINANCE NO 1 plc

\$100,000,000 **Mortgage Backed Floating Rate Notes**

In accordance with the conditions of the Notes, notice

is hereby given, that for the three month period 8

March 1993 to 8 June 1993 the Notes will carry a rate of

interest of 6.35 per cent per annum with a coupon

//// CHEMICAL

··· dae 2014····

been good use of its airframe These measures were expected to produce an acceptable maintenance facilities and increased activity in its overhaul division.

Mr Peter Sutch, chairman,

To maintain competitiveness, the company was focusing on improvements in productivity and a drive to improve quality, be said.

ern Europe division.

result in 1993, despite high inflation in Hong Kong. Haeco is 51.85 per cent owned by Swire Pacific and 25.04 per cent owned hy Cathay Pacific, the main customer for

Notice to the nolders of AUTOBACS SEVEN CO., LTD. (the "Company")

to subscribe for shares of common stock of Autobacs Seven Co., Ltd. issued with

U.S. \$100,000,000

4½ per cent. Guaranteed Bonds due 1995 (the "Warrants A")

Warrants to subscribe for shares of common stock of Antobacs Seven Co., Ltd. issued with

U.S. \$100,000,000 3 per cent. Guaranteed Bonds due 1996

(the "Warrants B") Pursuant to Clause 3 (xiv) of each of the Instruments dated 28th February, 1991 and 12th March, 1992 (the "Instruments"), relating to the Warrants A and B, notice is hereby given as follows: In accordance with the resolution of the Board of Directors of the

Company will make a free distribution of shares of its common stock (the "Shares") to its shareholders of record as of 31st March, 1993 by way of stock split in the ratio of 1.1 Shares for each Share held. Consequently, each of the Subscription Prices (as defined in the respective Instruments) of the Warrants A and B will be adjusted, effective as of 1st April, 1993 (Japan Ome), in the manner as set forth below pursuant to Clause 3 (i) of each of the Instruments:

1. Warrants A:

Subscription Price before adjustment: Subscription Price after adjustment: Yen 8,897.90 Yeo 8,089.00

Warrants B: Subscription Price before adjustment:

Subscription Price after adjustment: Yeo 8,231.10

10th March, 1993

The Dalwa Bank, Limited AUTOBACS SEVEN CO., LTD.

European Investment Bank Italian Lira 200 Billion

Floating Rate Notes due March 1996

Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of

10.9375% per annum for the period 05.03. 1993 to 07.06. 1993.

ITL 142,795 per ITL 5,000,000 nominal
 ITL 1,427,951 per ITL 50,000,000 nominal



Italian Lira 200 Billion Notice to the Holders

Notice is hereby given that the Notes will carry an interest rate of 10,96875% per annum for the period 05.03, 1993 to 06.09, 1993.

 ITL 2,818,359 per ITL 50,000,000 nominal Luxembourg, March 05, 1993

YOUR DAILY BUSINESS BRIEFING



European Investment Bank

Floating Rate Notes due March 1998

281,836 per ITL 5,000,000 nominal

Notice of Adjustment to Conversion Price

DAEWOO Daewoo Electronics Co., Ltd. (the "Issuer")

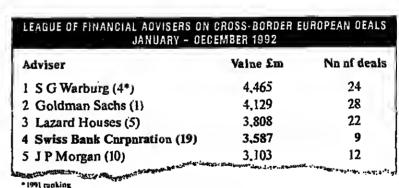
U.S. \$50,000,000 3½% Convertible Bonds Due 2007 (the "Bonds") Convertible into Shares of Common Stock of the Issuer

("Common Shares") Notice is hereby given to holders of the Bonds that, following the Dividend in shares by the Issuer of the Common Shares on the basis of 0.02 per Common Share. The Issuer announced on March 2, 1993 that the Conversion Price of Won 9,350 per Common Share has, in accordance with the Trust Deed dated November 4, 1992 constituting the Bonds, been adjusted to Won 9,267 per share with effect from January 1, 1993,

By: The Chase Manhattan Bank, N.A. London, Principal Paying and



Which Swiss bank held the key to M&A in Europe in 1992?



Source: Acquisitions Monthly

In 1992 Swiss Bank Corporation confirmed its position as a leading financial adviser in European Mergers and Acquisitions and was ranked among the top four investment banks by Acquisitions Monthly. Swiss Bank Corporation acted in 30 deals across Europe and 40 deals worldwide, with a total value of approximately US\$13,000,000,000, including acting as sole adviser to Elsevier NV in its merger with Reed International plc - the year's largest European cross-border deal. Our industry specialisation and local market expertise held the key to our success in 1992 - and hold the key to yours in 1993.



ITOMAN

ITOMAN CORPORATION

(Formerly Itaman & Co., Ltd.) (the "Company")

U.S.\$200,000,000

51/s per cent. Guaranteed Bonds 1994 (tha "Bands") and Warrants issued therewith to subscribe for shares of common stock of the Company (the "Warrants")

Further to the notice given on 16th November, 1992 end putsuant to Clauses 4(A) and 6(C) of the Instrument dated 20th September, 1990 and the rules of the Luxembourg Stock Exchange, notice is hereby given that the Company entered into a merger agreement with Sumikin Bussan Kaisha, Ltd. ("Sumikin Bussan") on 30th November. 1992 (Japan time, the same is hereinafter applicable) under which the Company shall be

The merger agreement was approved by general meetings of shareholders of both companies on 10th February, 1993. Pursuant to the merger agreement, all rights, obligations, assets and business of the Company tincluding all the obligations of the Company under the above-captioned Bonds and Warrants) will be transferred to Sumikin Bussan on 1st April. 1993 subject to the commercial registration of the merger being made with the appropriate Legal Affairs Bureau under the Commercial Code of Japan. Such registration is expected to be made in June 1993, whereupon the Company will be dissolved. The Company has received approval for the merger from The Bank of Tokyo Trust Company, as Trustee in respect of the above-captioned Bonds, pursuant to the Conditions of the Bonds.

As of 1st April, 1993 the Instrument constituting the Warrants will be modified so that the holders of the Warrants will be entitled from 1st April, 1993 to subscribe, upon exercise of the Warrants, for shares of cor of Sumikin Bussan at the adjusted subscription price of Yen 6,410 per share tat present Yen 1,282 per share of common stock of the Company). However, such new shares will not be issued until the commercial registration mentioned above has taken place.

There will be no stamping nor exchange of the Bonds and Warrants which remain listed on the Luxembourg Stock Exchange under the former ination followed by the new d

> ITOMAN CORPORATION By: The Sumitomo Bank, Limited London Branch (as the Principal Paying and Warrant Agent)

SPHERE DRAKE

RESULTS FOR 1992

The Directors are pleased to announce the results for the 12 months to 31st December 1992.

	1992	1991
	£000	£000
Net written Premium	191,364	169,861
Profit before Tax	10,093	(1,790)
Profit after Tax	10,206	(1,914)
Total Assets	439,624	328,621
Shareholders' Funds	75,425	51,219

Sphere Drake Insurance p.l.c. 52-54 Leadenhall Street, London EC3A 2BJ. Tel: 071-480 7340 Telex: 935015 Fax: 071-481 3828

INTERNATIONAL COMPANIES AND FINANCE

The Pru leads the line as bondholders join battle

HE SIGHT of The Pru-dential, one of Britain's largest institutional investors, rampaging through the UK corporate arena is familiar enough. It features less frequently on the US

But a furore over plans by Marriott Corporation of the US to divide itself into two sepa-rately-quoted companias has pushed the Pru - via PPM America, its Chicago-based fund management arm - into the limelight.

The battle lines were drawn last October, shortly after the Maryland-hased lodging and food services group had announced plans to spin off its financially-healthy hotel operations from its troubled

Under this "demerger" scheme, Marriott would place its lodging husiness, together with its food and facilities management operations, in a new company, to be called Marriott International Shareholders would receive shares in the new company pro rata to their existing holdings in Marriott Corp. and Marriott international would be quoted in New York.

This would leave the existing company - to be renamed Host Marriott - holding most of the group's property assets and its airport and toll-road concessions. Host Marriott would also be saddled with the hulk of the group's long-term

Nikki Tait reports on the furore surrounding Marriott's demerger plans

debt, totalling about \$3bn. From the company's view-point, the scheme's advantages were plain. Marriott's management husinesses, freed from the debt hurden and the overhang of property assets which had proved hard to sell, could power ahead more aggressively as the recession ended.

Not surprisingly, Marriott Corp's shares took heart. Hav-ing fluctuated around \$15 to \$17 for much of 1992, the stock rose by more than \$2 to \$19% on tha news, and yesterday morning stood at \$25%. But if shareholders - who

still include the Marriott family with about a quarter of the equity - had reason to smile, Marriott Corp hondholders were less fortunate. Analysts noted that Host Marriott would have debt of \$2.9hn and a debtcapital ratio of 92 per cent. It would hold unsold property assets, the value of which could be affected by the vaga-ries of the US property market. The adequacy of the cash-flow coverage at Host Marriott was also questioned

Credit-rating agencies shiv-ered. Moody's moved Marriott's existing debt securities from investment to non-investment grade rating, and Standard & Poor's put them on "creditwatch". Bond prices plunged. In December, some of the bondholders - led by PPM -

sued. Their action related directly to a \$400m sale of debt securities by Marriott in early 1992, and alleged the company knew the spin-off plan was being prepared even as it was

selling the new notes.

Marriott Corp

A part from PPM America – acting on behalf of Jackson National Life Company, the Pru's US life-insurance subsidiary - 14 institutions were named as plaintiffs. Together, they claimed "the market value of the shareholdings of the Mar-

than \$47m," as a result of the plan, "while the aggregate value of the plaintiffs' notes declined in excess of \$35m".

Then, in late-December, Marriott announced it was talking to several bondholders, represented by Goldman Sachs, in the hope of "advancing the company's objectives" while making the deal more attractive to investors.

It is these talks which Marriott now says are close to a resolution. Details of the impending agreement have not heen released, hut it seems likely the pact would involve

Europe and

Asia for

expansion

By Raymond Snoddy

sumer and other news.

Channel, the pan-European channel which claims it is

CNBC, the NBC cahle

television channel that speci-

alises in business news, is

shifting a larger portion of the deht to Marriott International and, perhaps, enlarging the \$600m credit facility that Marriott International would pro-

vide to Host Marriott. The problem is that the lengthy negotiations have resulted in a split in hondholders' ranks. While the "Goldman" bondholders have been negotiating with Marriott, the PPM America group has been preparing to litigate over the demerger scheme – and, so far, the "litigating" bond-holders do not like what they have heard about the proposed

"Without being specifically aware of the proposed settlement terms, my general understanding is that it doesn't respond to our requirements," says Mr John Stark, PPM America's general counsel. Mr Stark is quite clear what

PPM wants. First, it is seeking to restore the bonds' credit quality (so a re-rating from single B to triple B); second, it wants the bonds to return to their "full trading value". For the latter demand to be satisfied. Mr Stark claims the bonds would need to trade at around 113; the likely Marriott-Goldman deal, he argues, would barely return them to par.

Meanwhile, S&P's made clear on Monday that although a transfer of between \$350m and

riott to Marriott International might improve the bond ratings, it would be unlikely to lift them from a "low to mid-

speculative grade".

PPM has a broader point to make, arguing that daugerous precedenta, eroding bond-holders' protection, are beingset, and this could be part of a worrying trend. It points to recent prospectuses for debt offering from Lockheed and Tiphook. These included a clause saying the company's covenants to bondholders might have "limited, if any applicability, in the event of a

BONDS

Turkey

place ?

shares

leveraged buy-out initiated or supported by the company."
Such language, PPM notes, is
either new in investment grade offerings or, at the very least more prominently presented. The Securities and Exchange Commission says it knows of no recent rule change which might have triggered the new language, although full disclo-

highly-leveraged transaction or

sure is an age-old policy.
Posturing is a familiar feature of US corporate wrangles. But, so far, everyone is sticking to their guns. PPM America says it plans to file an expanded suit against Marriott this week, alleging fraudulent conveyance. Marriott is seeking to have the litigation dismissed next month, and is sticking to its mid-1993 timetable for the demerger. Battle

Heinz shares slip on revised earnings-per-share forecast

By Nikki Tait in New York

SHARES in H.J. Heinz, the Pittshurgh-hased food group, dipped by \$1 1/4 to \$43 yesterday morning after the company warned that earnings per share in the year to end-April would total about \$2.50.

Analysts, guided by the company, had been predicting around \$2.60 until recently. The company hlamed the

reduced earnings forecast on dramatic currency fluctuations caused by the withdrawal of the UK and Italy from the [exchange rate mechanism of the European Monetary System, sustained marketing expenditures in certain select

THE TWO most important

holding companies in Canada's

Edper-Hees group reported

sharply lower profits for 1992

because of provisions to cover

their exposure to troubled

Royal Trustco and other units

Hees International Bancorp's

profit fell to C\$36.3m

(US\$29.4m) from C\$178.4m in

1991, after a special C\$91.4m

provision. Hees International is

By Robert Gibbens

in the group.

adverse weather conditions affecting Weight Watchers meeting operations.

In the previous 12 months, it saw after-tax profits of \$638.3m and earnings per share of \$2.40. Profits in 1991-92, bowever. were lifted by a pre-tax gain of \$221.5m, resulting from the sale of the Hubinger business. The revised earnings predic-

tion implies a 30 per cent increase in fourth-quarter earnings per share and would still leave the company's profits at an all time high. It came as Heinz posted

after-tax profits of \$162.3m in the third quarter to January 27, against \$115.3m in the same period of 1991-92. Sales increased to \$1.77hn from

at the top of the Edper Bronf-

against a C\$17.7m loss in 1991

Both companies have signifi-

cant holdings in Trilon Finan-cial, which in turn controls

Royal Trustco, Canada's sec-

ond-biggest trust company,

which is negotiating to seil

most of its husiness to Royal

Trilon reported a nine-month

loss of C\$227m but has yet to

C\$113.4m after provisions, pleted.

Brascan, the other holding company, reported a loss of with the Royal Bank are com-

man empire.

Bank of Canada.

\$1.62bn and earnings per share rose from 43 to 62 cents. Heinz attributed the third-

quarter improvement to the 9 per cent increase in sales, of which 3 per cent came from volume gains, 2 per cent from price increases, and 7 per cent from the acquisition of the Wattie business in New Zealand: the benefits of a restructuring programme last year; and a reduced tax rate. The tax charge in tha third quarter was \$85m (\$65.8m).

The third-quarter results, however, still leave after-tax profits for the first nine months of the year down to \$460.3m, from \$492.6m a year ago. Sales stood at \$5.07hn.

report for the whole year.

London Life, the depressed

property developers Carena,

Trizec and Bramalea, and Can-

ada's higgest resource group,

Noranda. Its controlling stake

in John Labatt, the brewer.

was sold last month for nearly

C\$1hn. The Hees provision

included its share of charges

made by the property units.

Royal Trustco has delayed its

available in around 50m homes. CNBC is expected to announce today significant expansion of programming carried on Super Channel. Hees hit by exposure to Trustco CNBC, available in 48m homes in the US, is also considering significant expansion

in Asia by joining a satellite system there. The CNBC move is the latest example of US cable television programmers expanding over-

s, particularly Europe. This week, Turner Broadcasting said it was launching its Cartoon Network and Turner Network Television in Europe on the Astra satellite, while Viacom said recently that it was introducing its Nickelodeon channel Europe in a joint venture with British Sky Television.

CNBC targets | Dell PC sales surge 117% in final period "We doubled our annual reve-By Louise Kehoe

In San Francisco

DELL Computer, the US personal computer manufacturer, yesterday unveiled its fourth consecutive quarter of sales growth in excess of 100 per cent. Net income for the fourth

planning to expand in Europe and eastern Asia. quarter more than doubled to The 24-hour channel carries \$31.3m, or 77 cents per share, around 12 hours s dsy of profrom \$15.4m, or 41 cents, while Dell reported sales of \$620.3m, grammes devoted to Wall Street, supplemented by cona rise of 117 per cent on Several individual CNBC \$285.7m in the same period last programmes are already year. International sales rose broadcast to Europe on Super 103 per cent to \$242m in the

fourth quarter. "This has been an excellent quarter and a banner year for Dell," said Mr Michael Dell, chairman and chief executive.

nues to \$2bn, more than donbled our market share and emerged as the third-largest IBM-compatible personal computer company in the world." Net income for the year rose

to \$102m, or \$2.59, up from \$51m, or \$1.40 in fiscal 1992. Dell sells personal computers direct to users, by-passing dealers and retailers. Sales to corporate, government and education accounts increased 132 per cent to \$302m in the fourth quarter

of fiscal 1993, compared with \$130m in the same period in the previous year. Sales to small to medium-sized businesses and individuals rose sharply to \$248m, up 128

Du Pont speeds up phase-out

hon production in developed countries by one year to the

from Wilmington. Du Pont said in 1988 it would phase out CFC production as soon as possible. Since then, it said, alternative technologies had been developed, adequate supplies of alternatives were available, and atmospherics measurements continued to confirm that ozone losses will

DU PONT, the US chemicals increase. Refrigeration and air group, is accelerating the conditioning account for phase-ont of chlorofluorocar-almost half of CFC use. About 80 per cent of the refrigerants Du Pont sells are used to service existing equipment.

Existing systems originally designed to use CFCs cannot use any known alternatives as a direct, drop-in replacement without modification or rede-

Du Pont said it expected there would be sufficient alternatives capacity worldwide for the transition.

Meet Sonic the Hedgehog. The new Golden Boy of the Paris stock exchange.



On the 10 th March 1993 Sega Enterprises Ltd lists its shares on the Paris stock exchange.

Being both inventive and dynamic, Sonic the Hedgehog (Sega's most successful video game character) is quite like his creator, Sega Enterprises Ltd. Indeed, Sega's creativity is enjoyed everyday throughout the world by millions of people. More than 40 years of experience, and technological expertise as well as a very productive Research and Development Department has allowed Sega to become one of the worldwide leaders in high-tech interactive entertainment.

From the 10 th of Morch this phenomenan will be appearing an the Paris Bourse. The prospectus which has received the visa N° 93-090 of the Comission des opérations de Bourse dated 25 february 1993, is available at the office of Nomura France, 19-21, rue de Ponthieu, 75008 Paris.



Notice of Early Redemption Chevron Corporation U.S. \$300,000,000

81/4% U.S. Dollar Bearer Notes of 1986/1996

NOTICE IS HEREBY GIVEN that pursuant to Condition 4 of the Nores, the Corporation will redeem all of the Nores at a Redemption Price of 101% of their principal amount on the next interest payment date, 15th April, 1993, when interest on the Notes will cease to accrue. Payment of the Redemption Price will be made upon presentation and appropriate of the Nores, with all unmarrand coupons are about a the surrender of the Notes, with all unmatured coupons attached, at the offices of any of the Paying Agents listed below. Bankers Trust Company

Bankers Trust Company Appold Street, Broades London EC2A 2HE

12-14 Rond-Point des Champs Elysées 75386 Paris, Cedex 08, France Bankers Trust GmbH

aque Indosuez Belgique S. A. Place Sainte-Gudule 14 1000 Brussels, Belgium Bockenheimer Landstrasse 39 6000 Frankfurt/Main 1, Germany Banque Indosuez Luxembourg

Swiss Bank Corporation

39 Allée Scheffer i Aeschenvorstredt CH-4002 Basie, Switzerland L-2520 Luxembourg Accrued interest due on 15th April, 1993 will be paid in the normal man against presentation of Coupon No. 7, on or after 15th April, 1993.

Bankers Trust Bankers Irus. Company, London 10th March, 1993

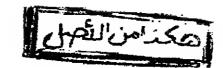
RUSSIA

Company sells obligations of:

MEDEXPORT SELKHOZPROMEXPORT SOYUZPROMEXPORT OTHER COMPANIES

Serious Buyers Reply in Confidence to:

P.O. Box 4563 New York, New York 10185 U.S.A.



INTERNATIONAL CAPITAL MARKETS

Spain and France bear brunt of turnround

140.7 135.5

By Richard Waters in London and Patrick Harverson in New York

MARCH IN PAR

1

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218 12

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11.13

47.00 3 7 1 20 1. 2 1 2 1 1 2 1 EUROPEAN government bond marksts fell yesterday after the strong rally of recent days, though traders said that the markets remained generally positive on the expectations of further German interest rata

The falls were most pro-

GOVERNMENT BONDS

nounced in Spain and France, twn nf the countries which have had the strongest run compared with German bonds. The yield on 10-year Spanish bonds eased to 11.37 per cent from 11.29 per cent by yesterday's close as the peseta weakened on the foreign exchanges. though it remained around

Turkey may

place Netas

By John Murray Brown

in Ankara

market.

shares abroad

THE Turkish government

might consider placing ahares in Netas, the Turkish telecom-

munications group, with for-

failure of a local share issue.

The government's sale of

shares in Netas direct to the

Turkish public has attracted

applications for just 35 per cent of the offer.

The poor response is a blow

to Turkey'a privatisation pro-

gramme, and a measure of the

Immaturity of the local share

Brokers say that at an offer

price of TL8,250, the company

is on a price earnings ratio of

2.6, markedly lower than oth-

ers in the sector. However,

fewer than 5,000 applications

were received, 1,000 of which

Netas is 51 per cent owned

by Northern Telecom of Can-

investment of \$27,000.

were from Netas employees.

per cent via the offer.

one-third of a percentage point lower than a week before. French bond futures also fell

ack, with the Matif contract falling to 115.30 from 115.50 in moderate trade. The reversal led to a widening in the yield spread between German and French bonds, which had narrowed to around 75 hasis points at the end of last week. By the end of yesterday, the spread stood at around 85 basis

Italian honds also slid, though for domestic political sons rather than on the gen-

eral trend in Europe. Prices fell sharply ahead of yesterday's special cabinet meeting on the corruption scandal as traders expressed fears that Mr Giuliano Amato. the prime minister, may have been about to resign.

"It was a great relief to see he didn't resign – there is no alternative to him," said Mr

FT FIXED INTEREST INDICES Year Mer 9 Mer 0 Mar 5 Mar 4 Mar 3 200 BowtSecs(IN) 97.90 98.04 97.71 97.12 87.25 87.42 98.04 85.11 Pizze juliarest 113.7) 113.83 113.14 113.02 112.74 100.75 113.83 97.15 Seale 100: Government Securities 15/10/26; Fixed Interest 1928.

for 1962/93. Government Securities high since complication. 127.40 (8/1/25), low 49 18 (3/1/75) Fixed Interest high since complication. 113.55 (8/2/93), low 60.53 (3/1/75)

GILT EDGED ACTIVITY

122.8

Mar 0 Mer 5 Mar 4

134.9

UBS Phillips & Drew. The Italian bond futures contract on Liffe reflected the vol-

GIR Edgad Rargains 5-Day seerage * SE activity Indices

atility, falling to a low of 96.30 from 96.78 hefore bouncing to a high of 97.10. It settled back to end around 96.60. ■UK government bond prices

fell yesterday, with losses con-

centrated in longer-dated

issues, partially reversing the recent flattening of tha yield

in February (6.9 per cent yearon-year), though little of the

Andrew Roberts, an analyst at curve. Producer price figures ahowing a higher-than-expected rise in input prices, due to sterling's devaluation, aroused some concerns about inflation. Input prices rose 1.4 per cent

> extra cost was passed on in output prices, which rose 8.4 per cent in the month. On a moderate day, with 28,000 contracts traded, the June long gilt contract on Liffe

back at 1064.
The tranche of 6% per cent gilts dua 1995, announced on Monday before, was exhausted during the day.

high of 1074 hefore ending

to lower yesterday as the mar-ket continued to consolidate the big gains earned during Monday morning's frenzied

By midday, the benchmark 30-year government bond was up in at 105 in yielding 6.715 per

At the short end of the market, the two-year note was down % at 992 to yield 4.813 per cent.

In the absence of the economic statistics, trading was relatively calm, at least compared to Monday's early business when prices rose on reports that President Bill Clin-

BENCHMARK GOVERNMENT BONDS									
	Coupen	Red Date	Price	Change	Yield	Week	Month		
ISTRALIA	10.000	10/02	114, 1141	+0.243	7.89	7.82	8.76		
LGIUM	9.000	03/03	112.0250	-0.250	7.27	7.50	7.63		
ANADA .	7.250	06/03	98.9000	-0 650	7.40	7,28	7.88		
NAARK	8.000	05/03	99.3500	-0.200	8.09	8.50	0.75		
ANCE STAN	8.000 8.500	05/98 04/03	103.2700 107.9200	-0.230 -0.710	7.20 7.36	7.50 7.42	7.54 7.72		
RMANY	7.125	12/02	104.2000	-0.170	6.52	8.B5	7.02		
ALY	12.000	05/02	96.7800	-0.450	12.991	13.14	12.91		
PAN No 110 No 145	4.800 5.500	06/99 03/02	105.2335 110.4662	-0.326 -0.152	3.77 3.93	3.85 3.93	4.09 4.30		
THEFLANDS	7.000	02/03	J03.4400	-0.400	6.51	6.54	7.0)		
AIN	10.300	06/02	93.9000	-0.470	11 37	11.66	11.24		
COLTS	7.250 8 000 9.000	03/98 06/03 10/08	103-03 53-04 108-08	-5/32 -4/32 -2/32	0.54 7.57 8.09	6.61 7.67 8.21	6.70 8.00 8.53		
TREASURY	6.250 7.125	02/03 02/23	102-10 105-03	- 1/32 - 13/32	5.94 6.73	5.95 6.84	6.29 7.17		
U (French Govt)	8.000	04/03	103.3500	-0.500	7.51	7.70	8.06		

oenes. Prices: US, UK in 32nds, others in decimal

ton was ready to accept more spending cuts in his hudget. The lack of buying was partly a reflection of nervousoess among investors ahead of today's expected announcement from the president of

NEW INTERNATIONAL BOND ISSUES

new measures to tackle the credit crunch. In particular, the bond market is worried that new rules would be introduced restricting banks' acquisitions of Trea-

new business from intarnational investors. "There is a much higger market there than is being realised by Meff's contract." said Mr Roger Barton, head of business development.

Liffe

launches

Spanish

contract

By Richard Waters

THE LATEST round in the

battle for futures business

between London and other con-

tinental European financial centres gets under way today

as Liffe lannches a Spanish

Liffe claimed yesterday that

its new contract, based on 10-

year Spanish government

bonds, would not take husiness

away from Meff, the Spanish

financial futures and nptinns

exchange, but would attract

bond futures contract.

However, Meff has claimed that Liffe's contract will split liquidity between the twn mar-kets, and has cut its fees in an attempt to lift its share nf bond futures trading.

The futures contract is likely tn be attractive tn traders given the high volatility in the market, which at 7 per cent has been the highest of any leading bond market over the past year in terms of 50-day price movements. Spanish onds are expected to outperform in local currency terms once German interest rates

The competition for Spanish bond futures husiness comes as Liffe has established a 50 per cent to 60 per cent share of trading in Italian bood futures and a 60 per cent to 70 per ceot share of German contracts. Its share of medium-term German bond (or Bobl) futures is far

CIBC offer raises C\$407m

CANADIAN Imperial Bank of Commerce is raising C\$407m in new equity through a public offer of common shares at C\$27.15 a share, writes Robert Gibbens in Montreal. The proceeds will be used to bolster tier I capital, providing a ratio of 6.7 per cent. The issue increases its capital ratio to 9.5 per cent after two preferred stock offerings raised C\$400m.

CALLS PUTS
Mar Jun Sep May Jun Sep

Sears (*102) Forte (*206)

Vaal Reets (*\$38)

24 5 7 17 39 75 119 -11 17 27 43 65 95 129 170 - 31 - 60 - 110 - 178 - 40 - 71 - 123 - 187 - 72 - 105 - 150 -

100 15 18 22 51 11 14 110 10 13 10 11 15 19

220 16 26 34 34 15 23 240 64 14 23 11 28 34

D-Mark sector helped by continued flood of issues

137.7 130.8

By Antonia Sharpe

The D-Mark sector became the centre of attention again yes-terday as the recent flood of new international bond issues continued unabated.

Syndicate managera said they expected new-issue activ-lty to remain high for the rest eign institutions following the of the week, since most sectors of the international bond market did not appear to be saturated.

Yesterday's heavy issuance in the D-Mark.sector - just

INTERNATIONAL BONDS

over .DM2bn was raised came in a variety of structures and maturities, which helped the market to absorb a fair amount of the total However, syndicate managers said that although investor demand for D-Mark paper was still healthy, it would take some time before yesterday's issues were fully placed.

They added that a widening of yield spreads in sovereign ada. Tha government was hop-ing to reduce its share stake in D-Mark-denominated paper, Netas from 49 per cent to 29 caused by fears that Finland's To attract local institutions, credit rating might be downthe government is raising the graded, could discourage borceiling for a single application rowers from tapping this sector of the international bond marfrom 5,000 to 30,000 shares, an

ET/ISMA INTERNATIONAL BOND SERVICE

On Monday, a senior Finnish the size of their issues. finance ministry official said it was likely that Standard & Poor's would lower the credit rating of the Republic of Finland in the near future. Finland is currently rated AA+ by the US credit rating agency. S&P declined to comment vesterday, but noted thet it had a negative outlook on Finland's

Yesterday, the European Investment Bank lanuched DM500m-worth of seven-year Eurobonds and, as usual, the

pricing was tight. The bonds were priced to yield eight basis points over comparable German govern-

ment bonds. The spread tightened slightly by mid-afternoon, hut an offi-cial at the lead manager, WestLB, said this reflected weaker bund prices.

Dentsche Bank ralsed DM1bn for itself through an issue of four-year Eurobonds. The bonds were priced at 15 basis points over the series 99 of medium-term German government bonds, and later tightened to 13 basis points.

The D-Mark sector saw another wave of reverse floating rate notes (FRNs), and investor demand for these instruments geared to falling interest rates allowed some horrowers to increase Ret.

The Republic of Austria increased its FRN issue to DM400m from DM300m and Dresdner International Finance added another DM50m to the DM150m FRN issue which it launched on

Goldman Sachs confirmed that it had won a mandate with Lehman Brothers to arrange a dollar-denominated Eurobond issue for the African Development Bank.

An official at Goldman Sachs said the issue would be launched within the next two weeks hut declined to comment on market talk that the bonds would raise \$500m and have a maturity of 10

Meanwhile, Morgan Stanley is close to launching a Y50bn convertible Eurobond issue for the Bank of Tokyo.

The Eurodollar sector was also active, with Clba-Geigy Corporation, the US arm of the Swiss drug company, raising \$100m through an issue of seven-year bonds. UBS Phillips & Drew, the lead manager, said the issue

rent medium-term note programme. The honds were priced to yield 30 basis points over the

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was part of Ciba-Geigy's cur-

BOTTOWER US DOLLARS Toyo Engineering Corp.(a)* Ciba-Geigy Corp. Sayerische Vereinabenk(b)** Ryobl(a)* Sanzo Finance (Cayman)(c,d)* 2.25/1.5 Yamaichi Inil.(Europe) 1.875/1.875 U.S. P&D Securities 1.875 5.875 Mar.1997 Mar.2000 Apr.2000 Mar, 1998 Mar, 1997 (b) 2.75 0 45/0.3 2.25/1.5 4.75 1.875/1.725 Nomura International Asahi Chemical Industry Co. D-MARKS Oeutsche Bank Westdeutsche Landesbi Trinkaus und Zurkhardt Salomon Brothers Oresdnar Zenk Apr.1997 Apr.2000 Apr.2005 Apr.2003 Mar.2003 1.75/1.125 1.75/1.125 0.25/0.125 0.2/0.1 European Investment Bank Republic of Austria(e); Rabobank Nederland(f); Dresdner Int.Fin.(Dublin)(g); 101.75 100 100 6.25 FRENCH FRANCS 48.95 Crédit Local de France 1.5bn zero Apr.2003 0 25/-**ANP Capital Markets** 105.05 Feb.2003 2/1.65 SO Warburg Securities 250 6.75 100.025 Apr.1998 1.875/1.725 Wood Gundy World Bank GUILDERS SWISS FRANCS Seikitokyu Kogyo Co.(c,i)++ Nihon Kohden Corp.([]++ 100 100 Swiss Volksbank Yamaichi Bank (Switz.) 70

Final terms and non-callable unless stated, *Private placement, the equity warrents, Floating rate note, #Semi-annual coupon, a) Final terms fixed on 16/3/93, b) Coupon pays (0.5 > the 10-year CMT) + 1.45%; minimum 5%, maximum 26%, c) Final terms fixed tomorrow, d) Warrants are exercisable into shares of Mitsul Engineering & Shipbuilding Co. e) Coupon pays 9.25% lixed annual in first year and 12/5 + 6-month Libor thereafter. () Coupon pays 9% fixed annual in first year and 12% - 6-month Libor thereafter. () Issue leunched on Monday was increased to OM200m, Coupon pays 9.5% fixed annual in the first year and 12% - 6-month Libor thereafter, h) Fungible with the outstanding \$100m leunched on 28/1/93 40 days after payment date, Plus 47 days accrued interest. I) Callable on 25/9/93 at 101.75% decilning by 0.25% semi-annually) Final terms fixed on 15/3/93.

2000, hut the spread later tightened by five basis points, reflecting good demand, especially from Switzerland.

State-owned Petroleos Mexi-

MARKET STATISTICS

up to \$525m-worth of Euro- rities of three to seven years financing programme, Renter reports from Mexico City.

Pemex intends to launch be denominated in D-Marks, four Eurobond Issues in all, the 6% per cent US Treasuries due canos (Pemex) plans to issue first two in dollars, with matu-

bonds this year as part of its and amounts of between \$125m and \$200m. The other two issues could

yen, sterling or Swiss francs.

phase-out

FT/ISMA INTERNATIONAL BOND	RISES AND FALLS YESTERDAY	
Listed are the latest international bonds for which there is an adequate secondary market.	Latent prices at 7:05 pm on March 9 Chg.	Rises Falls Same British Funds
U.S. DOLLAR STRAIGHTS Expend Bid Offer day Yield DTHER STRAIGHTS ABN 91894	Issued Bid Offer day Yield	Other Fixed Interest 3 12 0
ALRESTA PROVINCES 388 95	1000 99½ 100½ → 8.12	Commercial, Industrial. 354 246 815 Financial & Property. 236 105 452 Oil & Gas. 20 10 54 Plantations. 2 2 2 4
RANK OF TOKYO R 3/8 96	98F1 500 108¼ 108¼ ++5 6.93	Oil & Gas
AUSTRA 6 1/2 00 400 114 114 5 5 6 WORLD BANK 9 9 1 FY 100 108 108 5 5 6 EEERGE BEHEER 8 3/4 1174 1174 5 5 6 EEERGE BEHEER 8 3/4 1174 1174 5 5 6 EEERGE BEHEER 8 3/4 1174 1174 5 5 6 EEERGE BEHEER 8 3/4 1174 1174 1174 1174 1174 1174 1174 11		Mines
88TTISH GAS D 21	CS	Others
CANADA 9 96 1900 1114 1115 4 4.88 BRICES GOLUBRIA 199 COCC 9 14 99 1993 4 4.90 EBB 10 18 98 191 191 191 191 191 191 191 191 1	905 130 1091, 1111, 7.70 275 1091, 1091, +1, 7.86	Totals
COTE 9 1449	19465 100 1025 1034 -4 7.91	
RELIGIM W 9 58 9 20 117% 117% -1 5.74 UNILEVERY 90 FF III F 50 FF III F 5 FF	955 275 1994, 111 -4, 7,70 955 1994 1994, 1994, 144, 7,86 1994 5 1994 1963, -4, 7,91 65 200 1964, 1964, -4, 7,77 4997 5 200 1109, 111, -4, 8,14 1994 1994 1994 1994 1994 1994 1994 19	LONDON RECENT ISSUES
DENIMARK 9 144 95 1571 1093 1095 4 4 39 NPPON TEL & 1EL 10 10 10 10 10 10 10 10 10 10 10 10 10	499 CS 200 1101 111 -4 8.14 19 CS 500 112 1124 -4 8.27 10 114 1114 +4 7.97	EQUITIES
ECC 8 14 96	10149913 150 111 1114 44 797 CS	
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ELEC DE FRANCE 998 200 1149 1154 4 110 DEMARKS 988 EDI- EURO DRED CARD 157 994 5 1054 1064 4 5 108 EDI- EURO DRED 278 1 1064 1 1064 4 5 108 EDI- EURO DEMARKS 9 109 1109 1109 1109 1109 1109 1109 11	1125 1084 1084 7.46	ap (Zate 1198 Low)
EXPORT DEV CURP 9 1/298 159 1165 1171 578 FERRO DELSTAT JULY 1871 1184 1 134 0 ED 18 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	98 Ecu 500 108 1083 -4 8 05 1000 1134 1134 -4 8 23 1000 1034 104 7.62	51 F.P 75 52 Int. Food Machinery 75 4.8 75 92 Machinety Int. 75 1 H3.4 - 4.8 4.9 1210 F.P 280 262 Motor World
FINLAND 77/897 200 1074 1064 +4 5.74 17ALY 10.314 00 Est 1074 1081 1064 +4 5.70 17ALY 10.314 00 Est 1074 1074 1074 1074 1074 1074 1074 1074	1000 1034 104 7.62	- [FP - 98 84 New City & Commet 121 92 1-1 - - - - - -
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INTER AND REV 7/8 96. 200 1074 10814 - 5.14 MCCOMALDS CANADA 11 10814 - 5.14 MCCOMALDS CANADA 11 10814 - 5.14 MCCOMALDS CANADA 12 10814 - 5.14 MCCOMADA 12 1	95 AS	
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10KYD BETROPTELS 314 46 200 1093 1101 - 5.20 ABBET NATIONAL 0.96 N 1001 MOTOR 536 98 1200 1993 1100 - 5.55 TOKE PHI 9 1440 RES 100 100 1104 1104 1104 1104 1104 1104	4000 100 105% -4 7.77	295 WH 2214 6200 4700 Berkeley
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	700 900 930 1455 200 994 1000 1450 300 994 991 3470 500 10025 10040 34870 866 200 977 9947 73750	based on prospectus or other official estimates for 1993. I. Estimated annualised dividend, cover and pie based on the prospectus or other official estimates for 1993. I. Estimated annualised dividend, cover and pie based on these provident annual engagement in the delivery of the providence of the pieces.
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GENERAL MOTORS 7 1/2 95 100 103 104 5.66 UNITED KINSDOM 1/8 9	4000 99 68 99.75 3.2500	First Dealings March 8 Hmmson werrents, Madewe, Last Dealings March 19 Queens Most Hees. and Suffolk
HYDROM WOTOR FIN 8 1/2 97 100 107 107 107 107 107 107 107 107 10		Last Declarations June 17 Park. Puts in Lloyds Chemists,
KORE 6 3/R 01 240 1074 5.28 HEW ZEALAND 47/R 99 200 995 100 4.97 CONVERTIBLE BOND 01/7/RBO 6.1/4 03 97 100 100 100 5.46 BURTON GROUP 4.3/4 02	Issued price Bid Offer Prem.	For settlement June 28 Sturge and Wimpey. Doubles in 3-month call rate indications are Anglo Pacific, Barclays, First Nati.
QUEREC HYDRO 5 08	250 86 1174 1195 49.04	shown in Saturday editions. Fin., Monument Oil and Taunton
SRCF 704 450 113 114 5.45 EASTHAM KDOAR 6 360 WORLD BANK 5 035 150 1004 101 - 4.97 GOLD KALEDORIE 7 150 100 212 113 5.13 AMASON 9 172 06 5	00	Calis (n Anglo Pacific, ASDA, Cider. Body Shop, Cannon Street Invs.,
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over the most recent price of the shares.		

LIFFE EQUITY OPTIONS RISES AND FALLS YESTERDAY CALLS PUTS
Apr Jel St. Apr Jel Oct Option LONDON RECENT ISSUES EQUITIES B.P (*287 i Issue Paid Berner 1993
Price op Date High Low H3.4 2.5 4.8 17.3 **FIXED INTEREST STOCKS** Amousi Pald up Price E RIGHTS OFFERS Closing Price P Paid ip Renuns Date Thames Wtr 500 45 51 54 6 16 20 (*532) 550 13 20 29 29 43 47 260 32 44 54 18 27 38 280 25 34 47 30 38 50 Hinson werrents, Madexe, Queens Moal Hees, and Suffolk Park. Puts in Lloyda Chemists, Sturge and Wimpey. Doubles in Anglo Pacific, Barclays, First Nati. Fin., Monument Oil and Taunton shown in Saturday editions. PRICE INDICES Calia in Anglo Pacific, ASNA, Body Shop, Cannon Street Inva. Oay's change % Mon Mar 8 FT-SE ACTUARIES INDICES British Governo The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. * The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1933. All rights reserved. 1 Up to 5 years (24)... 129.92 2 5-15 years (22) 150.77 -0.08 150.89 3 Over 15 years (8) ... 159.69 -0.04 159.76 4 krredeemables (6) . 182.58 | -0.22 | 182.98 | The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the institute of Actuaries and the Faculty of Actuaries. The Financial Times Limited 1983. All rights reserved.

FT-ACTUARIES FIXED INTEREST INDICES Accrued xd add 6.49 7.57 7.84 6.75 8.07 8.24 6.92 8.28 8.37 8.33 2.81 1.76 3.83 7 High 8 Coupons 9 (11%-) 5 years....... 15 years...... 0.58 3.18 2.50 1.48 5 All stocks (60) ... 246.48 -0.05 | 146.65 | 1.69 | 2.66 Index-Lieked 11 (n/lation rate 5% inflation rate 5% inflation rate 18% inflation rate 18% inflation rate 10% 2.02 3.46 1.19 3.28 6 Up to 5 years (2). 183.85 183.84 8.21 1.51 7 Over 5 years (12) ... 172.77 +0.89 172.60 8.86 0.87 8 A(1 stocks (14) ... 173.10 +0.08 (172.96) 8.78 0.96 8.46 9.17 9.40 8.46 18.90 9.16 18.69 9.39 10.53 9 Dets & Leans (67) . 130.02 | +0.02 | 130.00 | 2.07

Glynwed's £33m fails to impress City

By Paul Cheeseright, lidlande Correspondent

GLYNWED International, the diversified Midlands engineering group, yesterday reported a 30 per cent increase in pre-tax profits to £33.1m for 1992. Hnwever, the figure was widely expected in the City and it failed to impress the

stock market. The shares, which last week climbed 26p to 291p, were firm immediately after the announcement but a reaction fullowed and, in moderate trading, they fell 7p on the day to close at 282p. That valued the group at £580m.

For the second year running Glynwed failed to cover its maintained dividend.

Mr Gareth Davies, chairman, who promised that "nur fortunes are on the turn", made nn apology: 'We did not feel it right to cut when profits are rising," he said.

Earnings per share were 10.95p (8.43p) and a final divi-dend of 7.5p makes an

LYNWED Interna-

tional, more generally accustomed to a life in

the shade as an indicator of UK

industrial fortunes, a stalwart

of the Midlands engineering

industry, has suddenly looked

fashionable. There has been a

minnr vogue on the stock mar-

ket for engineering companies.

Since the beginning of the year a host of Midlands indus-

trial groups, especially second line stocks like Concentric,

Bromsgrove Industries, Ash &

Lacy and Dowding & Mills,

have enjoyed a revival of inves-

tor ioterest. That interest caught up with Glynwed last

Partly this reflected the

expectation of higher earnings

after two hard years of reces-

sinn. The surveys have been

more encouraging.
This week the Engineering

Employers' Federation West

Midlands reported that for the

first time since last May more

companies are reporting fatten-

ing order books than those

reporting a downturn in

unchanged total of 11.65p for the fourth year running. A fall in turnover to £906.4m (£949.9m) largely reflected lower than average metal prices. However, there was a 10 per cent rise in operating profits to £44.8m while a cut in interest charges to £11.7m (£15.4m) gave an added boost at the pre-tax level.

Glynwed's fortunes are now showing the same pattern of recovery that they did after the The nadir of its fortunes in

the current recession was in 1991. But trading conditions remained difficult and Mr Davies attributed the profits recovery, approaching the level of 1986, to reductions in operating costs and increased competitiveness

He warned that "it will certainly not he before the second half of the year that the benefit of interest rate reductions, and any other economic stimulus, be expected to have any worthwhile impact on our

demand. Capacity utilisation

The recovery in Glynwed's

annual profits is symptomatic

of a more general phenomenon in the Midlands – the great

push for productivity growth

Mr Gareth Davies, the Glyn-

wed chairman, attributed the

30 per cent rise in earnings to

"the measures taken to reduce

operating costs and sdapt

operations to lower levels of

demand in order to improve

competitiveness and manage

The effect of cost-cutting measures on GKN, the automo-

tive components manufacturer

with plants around the Mid-

lands, will be seen today. And

next week IMI, the diversified

engineering group and another of the large Midlands compa-

nies, will announce its figures.

The recession pushed man-

gements into finding ways to

obtain fatter profits from a

In many cases, they have

accepted slow market condi-

more slender base.

Copper tube benefits from one-site

Plastics affected by world

operation

rccession

Metal Services hit

New management

structure in place

by low metal prices

during the last twn years.

has increased modestly.



Smiles all round: Gareth Davies (centre) with managing director Bruce Ralph (left) and finance director David Milne

What Glynwed would like to he translated into sales, an expansion of motor exports and a rise in metal prices. "If

Engineering companies have recently been popular stocks. Paul Cheeseright reports

tions as the norm and have

preferred to treat any enlarge-

ment of demand, any chance to

raise prices, as a bonus to be exploited rather than a natural

change in the commercial

for example, have quickly given a new element of profit-ability to some of Glynwed's steel processing. As steel man-

ufacturers seek to make higher

prices stick, the prices of Glyn-

wed steel products are ratch-

In the earlier part of the

recession, solace could be sought in the markets of conti-

nental Europe, especially for

Europe is out. The UK and the

Transfer Technology is

another Midlands group, the

shares of which have been

favoured and which also

1992

1991

"The progress already made in reducing

costs, improving efficiency and

eliminating loss makers has helped the

Group achieve increased levels of

profitability for four successive half

years and we are aiming to maintain

Chairman & Chief Executive - 9 March 1993

this trend in 1993."

GARETH DAVIES

Glynwed

The 1902 Report and Accounts will be posted to shareholders in May. For a copy please write to

the Group Secretary, Glynwed International plc, Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ

CONSUMER PRODUCTS · PLASTICS · METALS · ENGINEERING · BUILDING PRODUCTS

International plc

nw that is disappear-lng, the investment fashion bas swayed.

Recent prices in steel hillets,

Rediscovering a taste for the Midlands

order of things.

fittings division, hut profits increased from steels and engi-neering, were steady on con-

annunced figures yesterday.

Part of its sharp rise in profits

came from the exposure to the

US for a third of its sales of

preciaion components and

Glynwed captures the move-

Albert E Sharp, the Birming-

ham-based broker, suggested:

"With the majority of sales still made in the UK, Glynwed will

clearly be a significant benefi-

ciary of any improvement in

tion of continental European

earnings, which over the last

two years have been the

group's main weakness, is now

likely to be one of its key

attractions in the eyes of inves-

This is not the case with either GKN or IMI, the shares

of which have not moved up

with the same enthusiasm as

the engineering second liners,

They both have extensive expo-

sure to the German market,

and it remains to be seen

whether their US interests will

Percentage

change

The relatively small propor-

manufacturing systems.

and property divisions.

COMMENT

recovery, and a rise in metal prices, which has started to happen in some sectors, would rapidly feed through to the bottom line. The group has been expert in the past in wringing profits from staid husinesses – indeed, the return on capital employed went np to 15.5 per cent from 12.4 per cent last year. But that route to higher profits looks played out for the immediate future, pitching Glynwed's prospects firmly on to those of the UK economy. A modest npturn would make brokers' estimates of pre-tax profits of £45m for 1993 look a realistic estimate. That would translate to earnings per share of 15p, putting the shares at yesterday'a price of 282p on a prospective p/e of 18.8, high enough if it is assumed that

some part of the corporate recovery is already built into

be sufficiently strong to offset

any downturn in their Euro-

there was a general move

among Midlands engineering

groups to expand exports and

to cut their vulnerability to the

as GKN and IML It was then

deemed a weakness. Now it is

Another factor has been the

room for catching up by the engineers and the metal pro-cessors on the stock market.

Last year engineering stocks

were sluggish, declining relative to the FT-A All-Share

This had the effect, this year, as interest rates settled at

abnormally low levels, of making the yield on companies like

Glynwed look increasingly

enabling the engineering sec-

attractive, investors responde

tor to out-perform the index.

Technology

up 72% to

TRANSFER Technology, the

specialist engineering group,

increased pre-tax profits by 72

per cent last year with the help

Transfer

£9.45m

nf acquisitions.

By Paul Cheeseright,

seen as a strength.

lynwed went down T this route but not with

the same enthusiasm

cycles of the UK economy.

After the 1930s recession

pean markets.

specifically is for the growing number of house reservations

well," Mr Davies asserted. Last year Glynwed continued to take losses in its tubes and

much of **Municipal** Mutual Glynwed is decently poised for

By Richard Lapper

MUNICIPAL Mntnal Insurance, the local authorityowned insurer which with-drew from the market last year, yesterday concluded negotiations to sell substantial parts of its business to Zurich Insurance, one of Enrope's largest insurance companies.
The deal was predicted to go

ahead after Zurich offered renewals to all existing local council policyholders under an interim agreement with MMI

in October.
As expected the Swiss group will not assume responsibility for liabilities arising on policies which were underwrit-ten by MMI before September

Zurich said yesterday that it expected the EC competition authorities in Brussela to approve the deal.

Zurich will employ 1,500 MMI staff and also provide claims servicing facilities to MMI. Zurich, which will call its new subsidiary Znrich Municipal, has purchased the Bournemonth office hullding of MMI and taken leases on remaining nperational loca-

Welcoming the deal Mr Brian Wright, MMI chief exec-ntive, said: "The deal achieves a major part of our plans for the sale or solvent run-off nf the business."

MMI withdrew from the market last May hut manage-ment, lead by Mr Wright, were initially unsuccessful in finding a buyer. A number of UK companies examined the business. In October a deal involving the French group, Garan-tie des Fonclonnsires Mntuelles, feil through.

Etonbrook Properties' board in talks with dissidents

By Peter Pearse

The board of Etonbrook Properties, the property devel-oper, said it was considering the application by Mr Andrew Perloff, who has a 19.13 per cent stake, and others to requisition an extraordinary meet-

ing.
Mr Perloff wishes to submit resolutions to appoint himself, Mr Maicolm Bloch and Mr Peter Rowson as directors, and to remove Mr Jonathan Harris Sir Brian Hill, Mr PM Archer and Mr R Seifert from the

The board said it was in discnssions with Mr Perloff which might or might not lead to an offer for the ontstanding share capital. It advised £16m. shareholders to take no

company. further bolt-on acquisitions. Postel, which has £20bn The profit growth, on top of a rise in net margins from 8.1 per cent to 8.8 per cent, partly reflected the rationalisation of

acquisitions. Mr Rohinson added that growth also came from the diversity of geographical markets and sectors. A final dividend of 9.75p vided \$20m of this. raises the total to 16p (13p). When the project was

DIVIDENDS	ANNOUNCED

	Curreni paymeni	Date of payment	Corres - ponding dividend	Total for year	Total lasi year
BBAIIn	5.25	May 28	5.25	7.5	7.5
Candover Invsfin	8.S	May 10	8	10.25	2.5
Close Brosini	3.21	Apr 23	3		9.5
Glynwed intifin	7.5	July 1	7.5	11.65	11.65
Hillsdownfin	8.8	July 1	8.8	8.8	8.8
Kerryfin	1.47🛖	•	1.4	2.28	2.15
Kielnwort Devint	2.75	May 14	2.75	-	10.5
North Midland!	0.3	May 26	0.5	0.6	1
Singer & Friedfin	1.6	Juna 2	1.5	2.8	2.5
Strong & Fisherfin	1	May 28	1	1	1
Thorntonsinl	1.25	Apr 30	1.25	-	3.65
Transfer Techlin	9.75t	July 1	8.75	18	13
Union Discountlin	nH	-	2	nll	13.5
USDC Inv Trustlin	3.25	Apr 23	3.25	4.5	4.25
* 146_4					

ids ahown pance per ahara nel except where otherwise stated fOn increased capital, Firish pence.

Zurich buys | Low & Bonar cash call to fund £34m buy from Kellogg

By Peggy Hallingar

LOW & BONAR, the packaging and plastics company, yester-day launched a £50m rights issue to fund the acquisition of a folding carton manufacturer and to reduce deht.

The group announced that It had agreed to purchase Man-chester-based Cereal Packaging from Kellogg, Europe's leading cereal manufacturer, for £33.5m cash

Mr Jim Leng, chief executive, said the deal would create Britain's third largest folding carton company.

Traders welcomed the cash call and acquisition and marked the shares up 9p to 344p, in contrast to the declining market. Mr Leng said Low & Bonar

expected to benefit from significantly enhanced purchasing power following the acquisition. The group also planned to expand Cereal Packaging's expand capacity – which to date had been aimed solely at servicing Kellogg'a needs. The business would compliment Low's existing Bonar Cooke Carton operation, he said, and give access to

the rapidly growing European

As part of the deal, Kellogg has agreed to a five-year parchasing contract with specified prices. Based on the prices and volumes of this contract agree-ment, Cereal Packaging would have made profits of roughly £4.5m last year. Assets are expected to be valued at about £8m, following evaluation of

stocks. The deal will he funded through a I-for 4 rights issue of 19.5m shares at 265p. This will raise 250.2m, of which £16.7m will be used to reduce debt.

Low & Bonar, which announced a sharp decline in annual pre-tax profits from £21.6m to £8.1m last month, has net debt of £36.5m. After the issue, gearing will fall from

30 per cent to 15 per cent. Mr Leng said the debt reduction would allow Low to act on other sequisition opportunities. The company, which has reorganised its tronbled US operations, aimed to expand in

Hambro

raise £3.

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The group hoped to make an two months.

Panocean "had kept its nose

clean", but that there had been

a low cash return on the

of a business not able to

deliver the results we

required," he added.

Ocean has retained Pano-

cean's UK business, which has

operations on Merseyside and

Humberside and, st December

31, a net asset value of about

Pakhoed said the acquisition

would boost its total worldwide

storage capacity by about 20 per cent and would give it 8

foothold in a new business, the

storage of edible oils and

Besides chemicals and min-

eral oils, Pakhoed is already active in the storage, transport

and distribution of fruit and

Pakhoed said it expected the

forest products.

We took a hard-nosed view

Ocean disposes of non-UK bulk liquid storage operation

By Peter Paarse and Runald van de Krol

OCEAN GROUP, the freight, enviroumental and marine services conglomerate, has sold the non-UK activities, or some 80 per cent, of its bulk liquid storage company for £55m including deht.
Panocean Storage & Transport, the sold business, has

operations in the Netherlands, Belgium and the US.

In 1992 it made operating profits of about £5m (£5.7m) and pre-tax profits of £3,1m,

Shares in Ocean rose 10n to 296p yesterday. The buyer is Royal Pakhoed, one of the blggest storage

world's largest port. The consideration is expected to be about £41m and Pakhoed is also assuming some

groups in Rotterdsm, the

£14m of debt. At December 31 the buslabout £51m.

Mr Nicholas Barber, Ocean's chief executive, said that the sale would reduce his company's gearing by 20 points to about 17 per cent and would result in a book loss of about

ously managed funds for third

fund-raising drive, decided in December that there was no

Ray Maxwell, venture capital

"It was a disappointment,"

he said. "We were over in the

US every month in 1992 fund-

raising. This sends a rather disturbing message to the

European venture capital community. The Americans have been disappointed with the

results of their investments in

The reasons for the failure were a combination of poor economic news from Europe, currency uncertainty sur-

rounding the exchange rate

mechanism and a change in the attitude of US institutions

towarda investing indirectly

through venture capital

Chancellor's fund-raising

may also have suffered because another large international

fund, launched by Hancock

Venture Partners, went to mar-

Chancellor, which led the US

party investors.

manager for Postel.

Panocean operations to make more than 1992's £3.1m when under its control, partly because of lower interest and overhead costs. Mr Barber said he expected

the recommended final dividend for 1992 to be maintained at 9.62p to hold the total at

ring companies have notified detes meetings to the Stock Eachange, mings are usually held for the purmisidering dividends. Official Indicance and the substown below are based mainly on a dinelables. TODAY Everedi Foods, Haggas (John), ASJ), Tinds, Cadbury Schweppes, Cluff s, Fleming Marc lev Tet, OKN, Smaller Cos lev Tst, Medevs, Standard Charlered, TSN, Vickers, 1001. FUTURE DATES	Apr. 12 Apr. 29 Apr. 1 Mar. 22 Mar. 23 Mar. 16 Mar. 29 Mar. 24 Mar. 24 Mar. 25 Mar. 25 Mar. 18 Mar. 17 Mar. 17

under management, and Chan-cellor Capital Management, a New Ynrk-based money management company, have dissolved their joint venture after failing to reach their minimum fund-raising target of \$100m (£70m). Postel was to have pro-

	Curreni paymeni	Date of payment	Corres - ponding dividend	Total for year	Total lasi year
BBAIln	5.25	May 28	5.25	7,5	7.5
Candover Invsfin	8.S	May 10	8	10.25	a. 5
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USDC Inv Trustlin	3.25	Apr 23	3.25	4.5	4.25
Watesfin	nl1	-	2.96	0.77	3.73

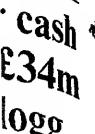
Olympia & York Maiden Lane Finance Corp. 10%% Socured Notes Due 1995 Notice of Delauits

Ito February 9, 1993, Notions Bank of Teunersec. N.A., as successor trustee (the Trustee') under the Indomuse the "Indomuse" the Action of Teunersec. N.A., as successor trustee (the Trustee') under the Indomuse the "Indomuse" the Action of December 23, 1985, of Olympia & York Maiden Lane France Corp. the "Femen" pursuant to which the Issuer's 105/9 Secured Nutes Dae 1995 life "Notes" tower brand, and as assigner of the Morrgage Spreader, Mudification and Extension Apreement and Security Agreement and Assignment of Rens (the "Morrgage", dated as of December 21, 1985, between Olympia & York Manden Lane Company the "Owner" is not the Issuer and the Owner, Notices of Default pursuant to Section 5.011d1 of the Indomuse and Security 2.1g1 of the Morrgage. Respectively, concerning their failure to defiver to the Trustee unqualified Andito's Reports with respect to the statements of Cash Flow of the Owner and the behavior, steer and income automated of the Indeature for the year enabling December 31, 1991, because the suditor's reports previously delivered were not suggistified. The Issuer and the Morrgage, the televistor of the Indeature and the Morrgage, if the defaults continue for a period of 30 days after the date of the notices. Events of Default will then occur under both the Indeature and the Morrgage, after the date of the notices. Events of Default will then occur under both the Indeature and the Morrgage, if the defaults continue for a period of 30 days after the date of the notices. Events of Default will then occur under both the Indeature and the Morrgage, after the date of the notices. Events of Default will then occur under both the Indeature and the Committee to the Notes, led by Dicksein & Co., L. P. has been formed and has retained the law firm of Debevoles & Phimpton to represent it in connection with this manter. We undersand that the Committee the archive with its fallociary duties under the Indeature, to mantinate the holders' activities achieve on white Committee or wishes to interested in joini

point in continuing, sald Mr

Cooper of Dickstein & Co. at 1212 7444-8877. As all of the Notes are in Bearer form, the Trustee does not have a list of Northeloiders in order to communicate with the holders from time to time. If necessary, Accordingly, we ask each holder to please contact Mr. John S. Hiott, Vice President of Nationalizath of Tennessee. N.A. at 100 Gervals Sense. P. O. Box 221545. Columbio. South Carolina 29222 and indicate the principal groups of Notes conseed by the

£906.4m £949.9m Pre-tax profits for 1992 rose Turnover -5% ROADD MEETINGS from £5.51m to £9.45m. Earn-£44.8m ings per share, affected by last £40.9m +10% Operating Profit Premium of 24% at year's £23.9m rights issue, rose less sharply to 42.8p (36.5p). £33.1m Pre-Tax Profit £25.5m +30% Yorkshire Food The group has shifted the In the first day of trading, shares in Yorkshire Food emphasis of its business since Earnings per Share 10.95p 8.43p +30% it was formed through the Group, the Bradford-based food merger in 1991 of Central & Dividend per Share 11.65p 11.65p processing company, opeoed at Sheerwood, a Robert Maxwell company, and interests con-trolled by Mr Geoffrey Robinnear-24 per cent premium to the placing price. Placed at 110p, they rose Through acquisitions and 2p on the day to close at organic growth, dependence on Pre-tax profit and earnings per the automotive components sector has been reduced so that share up 30% **Postel Investment drops** the main contribution to operating profits now comes from control and manufacturing US venture capital link Higher operating profits for fourth technology. Turnover of £106.9m (£68m) successive half-year produced a gain in operating profits to £10.3m (£5.38m). By Charles Batchelor announced a little less than two years ago it was hailed as Consumer products make progress Acquisitions accounted for POSTEL Investment Managea significant departure for Pos-tel, which has venturs and £23m of turnover and £3m of ment, one of Britain's largest in UK and export markets operating profits. institutional investors, has development capital invest-Mr Rohinson, chairman, said that organic growth was now "the number one prinrity", although he did not rule out dropped plans to establish a ments worth £300m on behalf European venture capital fund of the Post Office and British Steels profits 45% higher jnintly with a US investment Telecommunications pension funds. Postel had not previ-



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Let there has been

consultancy - increased to £56.6m (£38.5m) in the 12 months to March 31 1992. The issue will be underwritten by Panmure Gordon, brokers to HIS.

. By Maggle Urry

HILLSDOWN Holdings' results bore the brunt of the group's earlier mistakes made when it expanded rapidly through acquisitions.

Pre-tax profits dipped and a £92.3m provision was taken below the line.

The group now plans a pause in such expansion for at least 12 months while it concentrates on sorting out its exist-ing operations. It will also close or sell about 30 busi-

Sales from continuing operations rose 6 per cent but total sales were down 6.1 per cent to £4.37bn.

Operating profits fell 20 per cent to £184.9m, though profits from continuing businesses fell 12.2 per cent to £185.6m. Profits included 26.4m (£10.6m) from fixed asset sales.

Operating profit margins fell as recession-hit consumers A reduction in the interest

Hambros to

HIS float

By Richard Lapper

raise £35m in

Hambros, the merchant

banking group, expects to raise 235m by floating its

insurance business. Hambros

Insurance Services, later this

month, according to the path-

finder prospectus issued yes-

terday. HIS will receiva £15m,

before expenses, of the pro-ceeds, of which £2.5m will be used to reduce ehort-term

debt. The remainder repre-

sents the sale of shares by

Hambros and minority share-

holders. Hambros will retain a 50 per cent holding. Turnover of the four compa-

nies which make np HIS -

Cunningham Hart, the loss

adjusters, Hambro Legal Pro-

tection, the lagal expenses

insurer, Beale Dobie, a market

maker in second hand endow-

ment policies, and Berkeley

Insurance, a London market

The tax charge rose from 20.5 per cent to 25.9 per cent as unutilised tax losses ran from 21p to 13.8p. An out.

reflected the rights issue in

Hillsdown rethinks expansion

The tax rate is expected to 6.6p gives a mainteinad

November 1991.

Maple Leaf moves ahead 16% Maple Leaf Foods, the food continuing operations was

processing group 56 per cent owned by Hillsdown, reported profits of C\$69.2m (£38.8m), or 86 cents a share, for 1992, up 16 per cent, writes Robert, Sales were C\$2.8bn, down slightly reflecting the group's withdrawal from the beef busi-

rise to about 30 per cent in 1993. The group is also facing

an advance corporation tax problem but hopes to avoid paying any irrecoverable ACT Minorities fell from £25m to division suffered a 60 per cent

By Philip Coggan, Personal Finance Editor

FLEMING Emerging Markets,

the specialist investment trust,

is attempting to raise £50m to

take advantage of what it sees as increasing investment opportunities in developing

The trust has conditionally

C\$17.8m, or 22 cents a share, against C\$19.4m, or 25 cents a share, on sales little changed

The company said disposals, heavy investment in facilities and rising efficiency had created a sound base for future growth in Canada and the US.

charge from £44.9m to £30.8m £20.3m, reflecting lower profits profit fall to £12.8m as lower

With the extra shares in

issue, earnings per share fell

in Canada and at Strong & volumes hit the commodity

end of the business. Poultry

and egg profits rose 3.8 per

In non-food activities, furni-

ture profits were ahead from

£12.6m to £14.8m. Profits from

housebuilding property and specialist activities fell 59 per

Pre-tax profits of Strong & Fisher (Holdings), the leather and by products group 70.3 per

cent owned by Hillsdown, were

below expectations at £2.23m

after exceptional debite of

The previous accounting

period covered 18 months

wben pre-tax profits were

£2.43m after en exceptional dehit of £4.55m. Sales were

£491,000 from the release of an unused provision. Fully diluted

earnings per share were 1.05p

There was a tax credit of

cent to £27.3m.

cent to £11.6m.

£83.6m (£114.6m).

£562,000.

8.8p total. Food processing operating profits fell 10 per cent to £123.4m, with mixed results from the range of activities.

Tha annual dividend is Fleming Emerging to raise £50m

tholders by way of an offer for subscription. The shares are C sbares, which will hear the costs of the issue and so ensure that no dilution is suffered by existing holders. When the bulk of the proceeds are invested, the C thares will be converted into ordinary shares at asset value. placed 37.5m shares and is offering a further 12.5m shares 31 and it is expected that deal-

to existing share and warran-

ings in the new shares will start on April 6. Emerging markets are seen

as attractive investments because they have higher rates of economic growth and underdeveloped stock markets, and because many governments are liberalising their investment regulations. Templeton **Emerging Markets Investment** Trust is also considering raising new funds.

French group sells Bristol Water stake

Lyonnaise des Eaux Dumez, the French water and construction company, has sold its 17.5 per cent stake in Bristol Water Holdings.

The company sold more than 1m shares to Cazenove, the stock broker, which placed them with institutional inves

The French group took stakes in a number of British water companies around the time of the industry's privati-

Australian group sells 21.5% stake in Govett

By Philip Coggan, Personal Finance Editor

JAMES HARDIE, Australian building products group, has sold its 21.5 per cent stake in Govett, the financial

has been bought by Bear Stearns, the US broker. Bear Stearns has sold 7.5m sbares to Govett itself - 4.9m

below the market price. James Hardie has announced it is seliservices group.

The holding of 16.1m shares ing off some of its peripberal holdings.

earnings per sbare - tbe remaining 2.6m sbares bave been bought by the employee sbare options scheme. The deal was done at 208p.

Shares in Govett, which announced a 25 per cent rise in shares have been bought back Monday, rose 3p to 235p yesterby the company to enhance

help Kerry rise 19% to I£28.7m

By Tim Coona in Dublin

KERRY GROUP, Ireland's fast-growing milk and meat processing company, reported a 19 per cent increase in pre-tax profits for 1992, from I£24.1m to I£28.7m (£29m), on turnover up 10 per cent to

I£826.7m, against I£754.9m. The results incorporated the first full-year contributions from a series of 1991 acquisitions, Kantoher, Meadow Meats and Tunnay Meats in Ireland, Dairyland Products in the US and Bastleigh Flavours, a UK food ingredients com-

During 1992 the company acquired Buxted Duckling in tha UK and Tuam Dairies in

Two thirds of the company's turnover is now from overseas. Meat processing now accounts for 50 per cent of the group's

Turnover has nearly trebled since 1987, while earnings per share and pre-tax profits have more than doubled and risen 3½ times respectively in the five years.

Earnings per share for 1992 rose 9 per cent to 15.8p (14.5p). A final dividend of 1.47p (1.4p), is recommended making a total of 2.26p. compared

with 2.15p. Mr Liam Igoe of Goodbody, the Dublin stockbroker, fore-cast 1993 earnings of 16.8p per sbare on pre-tax profits of I£32.7m, although be said "there could be some upside on that due to the strength of the dollar".

Tomorrows Leisure warns of £1m loss

Shares of Tomorrows Leisure fell 4p to 22p yesterday following a warning from the directors that the USM-qnoted hotels, golf and leisure centres group would incur a pre-tax loss in excess of £1m for the year to March.

That would compare with profits of £731,000 (£860,000) for the previous 12 months and with a deficit of £110,000 for the opening six months of 1992-93.

Ascom Holdings

Elsevier NV

Torreal SA

Others:

Cementi Piave

Paper & Packaging:

Biber Holdings AG

Cragnotti & Partners

IA/Mont Holdings NV

SBC DB Capital Partners

The Polish Government

Industrivõrvaltnings AB Kinnevik

Blockbuster Entertainment Corp

Acquisitions | Candover assets up 9% but new activity halves

By Charles Batchelor

CANDOVER investments, an investment trust specialising in management buy outs, increased net assets per share and pre-tax profits in 1992 but saw a halving of its new invest-ment activity.

Mr Roger Brooke, chairman, said it would take only a modest economic recovery to produce a significant increase in the value of Candover's investments, but it remained difficult to read the UK economy,

The sharp decline in interest rates would, however, make it considerably more difficult to maintain income levels from the company'e cash and investments in short-term securities

this year, he warned. Net assets per chare rose by

ended December 1992 while fully diluted earnings per share rose 12 per cent to 13.7p. Candover proposes to pey a final dividend of 6.5p, making a total of 10.25p, an increase of 8 per cent.

Pre-tax profits rose by 4 per cent to £4.1m. Because the tax charge was smaller than expected, profits after tax rose by 11 per cent to £3.15m.

Net assets increased by 9 per cent to £59.8m to show annual compound growth of 22 per cent in the eight years since Candover was listed.
Tha FT-A All-Share Index

has risen 14.3 per cent a year over the same period. Candover was cautious ebout making investments in 1992 because of uncertainty about

deferred disposing of non-core activities by meens of a buy-out in the hope they could obtain a better price by waiting. Tha result of this was to reduce total investments by Candover and its managed

funds to £45.8m from £89.8m in Candover still hed £100m available in its two mein funds and so did not have to think seriously about raising new finance, Mr Brooke said. Germany, which eccounts

for half of Candover's non-UK

when the recession would end

while many companies

investments or 5 per cent of its total assets, has been a cause Candover's shares rose Sp to

LATIN AMERICAN FINANCE AND INVESTMENT SURVEY

On the 29th March 1993 the Financial Times will once again publish an up-dated survey that will take an in-depth look at finance and investment across a region that continues to excite interest amongst international investors.

The survey is timed to coincide with the opening of the Inter-American Development Bank meeting in Hamburg at which copies will be distributed to delegates.

To advertise within this survey contact Paul Maraviglia Tel: 071-873 3447 Fax: 071-873 3595 or your usual FT representative

FT SURVEYS

NOTICE OF RECEMPTION

Public Service Electric and Gas Company

First and Refunding Mortgage Bonds 9%% Series S Due 1996 Outstanding Under Supplemental Indenture Dated January 1, 1986

NOTICE IS HEREBY GIVEN that Public Service Electric and Gas Company, under and by virtue of the provisions of its First and Refunding Mortgage Bonds, 91% Series S due 1996, and the Mortgage Indenture securing the same dated August 1, 1924, made by said Company to Fidelity Union Trust Company (now known as First Fidelity Bank, National Association, New Jersey) as Trustee, and the Supplemental Indenture dated January 1, 1998, supplementing said Mortgage Indenture and providing for the issuance of said Bonds, has exercised the option and right reserved by it to redeem and will redeem all of its outstanding First and Reharding Mortgage Bonds, 91% Series S due 1996, on April 14, 1993 ("Redemption Date"), by paying the redemption price of 101.50% of the principal amount thereof and the amount of interest which shall have accused on said Bonds on the Redemption Date. No interest shall accuse upon or in respect of any bond of said Series on and after the Redemption Date.

Payment of the redemption price of Bonds issued in bearer form plus accused interest shall be made upon presentation and surrender thereof at the following offices of Tot Chase Manthattan Bank, N.A.:

The Chase Manhattan Bank, N.A. London Branch Woolgate House, Coleman Street London, EC2P 2HD, England Chase Manhattan Bank (Switzerland) 63 rue du Fihone 1204 Geneva

The Chase Manhattan Bank, N.A. G.P.O. Box 104 World Trade Center 280 Gloucester Road Causeway Bay Hong Kong

Chase Manhattan Bank Luxembourg, S.A. 5 Rue Plaets L-2338 Luxembourg The Chase Menhatten Benk, N.A. Shell Tower 50 Reflies Place Singapore 0101

The Chase Manhattan Bank, N.A. 1-3 Marunouchi 1-Chome Chiyoda-Ku Tokyo 100, Japan

or at the offices of the following additional paying agents: Berliner Handels-und Frankfurter Bank 10 Sockenheimer Landstrasse 10 Bockenheimer Landstrasse Frankfurt, A.M. 1, West Germany

Payment at the cities referred to above shall be made, at the direction of the holder, by check drawn on a United States dollar account maintained with e bank in the City of New York unless such payment would subject the Company to additional taxes, punitive provisions of certification, reporting or withholding requirements pursuant to the provisions of the United States Internal Revenue Code of 1983, as amended and in effect at the time of payment, and any regulations promulgisable thereunder and then in effect (in which event exists payment will be made by check drawn on a European bank account) or by transfer to a dollar account maintained by the holder with a bank in a European city. No payment with respect to any bearer Bond of this Series will be made and no presentation or demand for payment may be made at the corporate rust office of the Trustee or any paying agency maintained by the Company in the United States nor will any payment be made by transfer to any account, or by mail to an address in the United States. Notwinstanding the foregoing, payments with respect to bearer Bonds of this Series will be made at the designated office of The Chase Mannetten Bank, N.A., in the City of New York it payment at at paying agencies outside the United States is itiegal or effectively precluded by exchange controls or other similar restrictions.

Bonds issued in bearer form must be presented to the Paying Agent for payment together with all unma-tured coupons, failing which the amount of any missing coupons will be deducted from the sum due for pay-

Payment of the redemption price of the Bonds issued in registered form plus accrued intermade upon presentation and surrender thereof at the office of The Chase Manhattan Bank, N.A.;

By Hand The Chase Manhattan Benk, N.A. itutional Trust Group Window. hase Manhattan Plaza, Floor 1-8 New York, N.Y. 10081

By Mail
The Chase Menhatten Bank, N.A.
4 Chase MetroTech Center—3rd Fl.
Rox 2020 4 Chase MetroTech Center-Box 2020 Brooklyn, New York 11245

The Chase Manhattan Bank, N.A. London Branch Woolgate House, Coleman Street London, EC2P 2HD, England Chase Manhattan Bank (Switzerland)

Chase Manhattan Bank Luxembourg, S.A.

or subject to any laws or regulations applicable thereto in the country of any of the following paying agents at the main offices of: The Chase Manhattan Bank, N.A. G.P.O. Box 104 World Trade Center 280 Gloucester Fload

> The Chase Manhattan Bank, N.A. 1-3 Marunouchi 1-Chome Chiyoda-Ku The Chase Menhattan Bank, N.A.

or at the offices of the following additional paying agents:

Banque Bruxelles Lambert 24 Avanue Marnix B-1050 Brussels, Belglum

5 Rue Plaetis L-2338 Luxembourg

Bertiner Handels-und Frankfurter Bank 10 Bockenheimer Landstrasse Frankfurt, A.M. 1, West Germany Nederlandse Credietbank, N.V.

by check drawn on, or by transfer to a United States dollar account maintained by the holder with a bank located in the City of New York. PUBLIC SERVICE ELECTRIC AND GAS COMPANY Detect: March 10, 1993

BANK OF GREECE US\$300,000,000

The notes will bear interest at 4% per annum for the period 9 March 1993 to 9 September 1993. Interest payable on 9 September 1993 per US\$1,000 note will amount to US\$20.44.

Floating rate notes 2003

Agent: Morgan Guaranty Trust Company

JPMorgan

SE. **CREDIT LYONNAIS** US\$100,000,000

Floating rate notes 2003 The notes will bear interest at 5% per annum for the period 10 March 1993 to 10 September 1993. Interest payable on 10 ember 1993 will amount to US\$127.78 per US\$5.000 note

and US\$2,555.56 per US\$ 100,000 note. Agent: Morgan Guaranty Trust Company

JPMorgan

PAN-HOLDING As of February 28, 1993, the was USD 284,843,950,42, Le. USD 517.90 per share of USD The consolidated net asset raive per share amounted as of

February 28, 1993 to USD 535.21.

THE BUSINESS **SECTION**

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Swiss Bank Corporation. The key to M&A.

Estimated value SBC Clent of Transaction Financial Services: Adviser on the disposal of Allstate Reinsurance Co Ltd's Allstate Insurance Company Undisclosed Swiss branch Lld to General Reinsurance Group. Advisor on the split disposal of the life business and general Eagle Star Holdings PLC business of Australian Eagle Insurance Company Ltd to Lend Lease Corp and QBE Insurance Ltd respectively. £130,000,000 Undisclosed Adviser on the disposal of 50% stake in UTA to Willis Corroon plc. UTA SpA Food & Beverago: Federconsorzi & the Court of Rome Adviser on the sale of Fedital, the leading food manufacturer Undisclosed and distributor in Italy. Adviser on the sale of food retailing subsidiary Gottlieb KAFU - Wasmund Handelsgesellschaft GmbH to EDEKA Baden-Württemberg Handelsgosellschaft GmbH, Handelsgesellschaft GmbH Undisclosed Adviser to the Management Group and lead equity investor in the MBO of a 196 public house estate. Marr Holdings Limited £30,000,000 Adviser to both companies on the merger of certain food National Foods/Riley Corp A\$149,000,000 Media & Telecommunications:

Adviser on the acquisition of Timeplex, Unisys' multiplexer telecommunications equipmont subsidiary. Adviser on Joint Venture with Virgin Megastores in Europe, USA & Australia. Sole adviser to Elsevier NV on the merger with Reed Adviser to Torreal SA on the sale of a stake in Antena 3, an independent Spanish TV channel.

US\$203,000,000

Undisclosed

Undisclosed

Undisclosed

US\$850,000,000

£154,000,000

A \$273,500,000

Undisclosed

£5,900,000,000

Adviser on the sale of an interest in Attisholz Holding AG. Adviser to Cragnotti & Partners on the purchase of a 50% interest in JA/Mont Holdings NV from Montedison Adviser to the Italian/American Joint Venture on the sale of Kaysersberg Packaging SA to David S Smith PLC. Adviser on the sale of Leigh Mardon to Ameor Limited (MBO investee business of SBC DB Capital Partners).

Advisor to Cementi Plave in its merger with Cementi Verona

Adviser on the sale of a 95% holding in the speciality steel SKr944,000,000 maker, Kloster Speedsteel AB, to Eramet SLN of France. Adviser on the sale of a 51% interest in Huta Warszawa SA ECU53.350.000 to Lucchini SpA and negotiation of terms of a Joint Venture

Swiss Bank Corporation acted as an adviser on a total of 40 transactions in 1992 aggregating approximately US\$ 13,000,000,000 equivalent value.



The key Swiss bank

Boost from money market and Winterflood sale

Union cuts loss to £16.3m

A TURNROUND in its core money market operations and the sale of its equity marketmaking businese for £19m meant that Union Discount, London's oldest specialist discount house group, could survive as an independent company, Mr George Blunden,

Announcing a pre-tax loss of £16.3m, an improvement on the £23.6m loss the year before, Mr Blunden said Union bad succeeded in returning to break-even at the operating level in the second half. However, the group is not paying any dividend for the year

Talks about a sale of the group had been called off last week because the unnamed potential bidder failed to offer enough for Union's troubled leasing business, Mr Blunden said. The group is now planning to reorganise its remaining leasing operations, selling some parts and running off the

The sale of Union's 90.5 per cent stake in Winterflood Securities, the specialist emaller companies marketmaker, was

to underpin money market operations, allowing it to expand into more profitable areas of trading such as bond

Winterflood made a profit of £4.42m for the year, reflecting a return of interest in smaller The performance of the

group was held back by a loss of about £3m on the day sterling pulled out of the European exchange rate mechanism in Since then the discount

house operation had been profitable. Discount house operat-

25.1m, compared with £2.6m in

After higher provisions over leasing in the first half, Union made no further provisions for the year. Operating losses in asset financing fell from £18.3m in 1991 to £7.6m. If Union fails to find a buyer for its leasing assets, it could face extra costs of an estimated £7m over the next three to four years, said Mr Blunden.

Losses per share, at 78.2p, were down from 98.9p. Net assets per ebare fell from 300.63p to 187.92p, though the sale of Winterflood added a fur-

Close seeks funds for purchase

By Peggy Hollinger

CLOSE BROTHERS yesterday embarked on its first cash call as it sought funds for the £19m acquisition of Winterflood Securities, the small companies marketmaker. The merchant bank announced a placing and a 1-for-7 open offer of 5.5m shares at

315p. This will raise £17.3m towards the acquisition of Union Discount's 90.5 per cent stake in Winterflood and £3m in debt. Close shares rose 4p to 344p.

Brian Winterflood who set up the business 1968, will be granted incentives as part of the purchase agreement. These include options over 15 per cent of

the marketmaker - which could bring management's stake to almost 25 per cent - and 5 per cent of Winterflood's profits

Mr Winterflood said the firm would be run as it always had been - "with no interference from big brother". He has plans to expand the business organically and through expansion in the

Mr Peter Winkworth, an executive direc-

tor of Close, said Winterflood would be a "very good strategic fit".

Close also reported a 6.7 per cent advance in pre-tax profits to £6.8m for the six months to end January. The interim dividend is incre

with profits from 3p to 3.2p. Earnings per share rose from 11.56p to

The loan book was ahead 3 per cent at

Pict Petroleum ahead | AJ Archer agrees to on weakened pound

By Peggy Hollinger

A WEAKER pound helped Pict Petroleum, the oil exploration company, report a surge in interim profits from £1.1m to £2.9m on turnover 19 per cent lower at £4.8m, against £5.9m.

Mr John Lander, managing director, said currency gains had contributed £1.4m, against last year's £442,000 loss, to pretax profits for the six months

The stronger dollar and weaker pound had also helped

orice from \$19.50 to \$18.76 per harrel. Sterling barrel rates averaged at £10.94, against £10.99 last year. Mr Lander said the exchange rate was likely to continue to benefit the group in the aecond half. "With a stronger pound, if nothing goes wrong, it should be a very good year-end," he said.

Cash halances rose from £15.9m to £16.9m, helping to hoost interest income from £254,150 to £627,887

Earnings were 5.66p (2.97p).

buy Castle Holdings

By Richard Lapper

AJ ARCHER Holdings, the quoted Lloyd's underwriter, has reached agreement to acquire Castle Holdings. The association will form one of the largest agency groups at the Lloyd's insurance market. Castle shareholders will

receive 12.5m Archer ordinary ahares, valuing the smaller group at about £5m. The takeover will create an

agency managing 15 syndicates, with a combined capac£391m. Although the group will still be significantly smaller than Sturge Holdings, the market leader with managed capacity of more than £700m, It ranks alongside such agencies as Merrett, Wellington and Murray Lawrence.

The agency will also handle the affairs of some 640 Lloyd's Names - the individuals whose assets make up Lloyd's capital base - as a result of the merger of its memhers'

Singer & Friedlander faces new £8.6m claim

By Robert Peston, Banking Editor

SINGER & Friedlander, the banking and property group, said yesterday it faces a new claim for damages of £8.6m from the department of trade and industry stemming from Singer'e role as adviser to interests connected with Barlow Clowes, the fraudulent investment group.

The company said the new claim was in relation to Sing-er's role in connection with Barlow Clowes and the bid for Buckley's Brewery in 1987".

Last May, Singer disclosed that it and three other City firms faced a separate claim of £40m from the DTL Singer also announced yes-

terday that its pre-tax profits fell 61 per cent to £6.05m in 1992. However, the fall was attributed to an exceptional debit of £10.1m to cover the fall in value of properties held for long term investment.

Without this debit, pre-tax profits would have risen 5 per cent to £16.2m.

There was a 33 per cent rise to £9.29m in trading profits from hanking operations. Mr John Hodson, chief executive, said this was in part attributable to a "big turnaround" from losses to profits in a business which sells the high yielding deht of South American companies. He added that there was also

a strong performance from the corporate finance department's offices in Leeds and Nottingham, which give advice to small and medium-size companies. Singer's property division made profits of £3.05m, down from £3.12m. The fall was attributable to a rent free period granted on a new investment, now fully let.

Barnings per share, excluding the exceptional item, rose 23 per cent to 5.86p. The total dividend was raised from 2.5p to 2.6p via a final of I.6p.

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Wates incurs £75m loss and omits final pay-out

By Paul Taylor

WATES CITY of London Properties, the property invest-ment and development group, yesterday reported a £74.9m pre-tax loss for 1992 and passed its final dividend.

Net assets per share more than halved to 74.4p (151p). The deficit, which compared with previous profits of £8.17m, largely reflected the transfer of a net £71.9m deficit on the revaluation reserve to the profit and loss account, cou-pled with a £8.77m loss taken on the sale of two investment

Net rental income increased by 5 per cent to £15.8m (£15m) but interest payments climbed to £8.77m (£3.92m) and largely accounted for the decline in profit before exceptional items to £5.77m (£8.17m).

Losses per share of 60.91p compared with earnings of 4.33p. With the final dividend omitted shareholders are left with a 0.77p for the year - for 1991 they received an interim



Dundas Hamilton: relatively modest level of gearing

of 0.77p and a final of 2.96p. Reflecting the continuing decline in property values net assets fell from £181.2m to \$39.3m at the end of 1992. It was the third consecutive year that net assets had fallen. The worst affected part of the portfolio was development proper-ties which again fell by 44 per

investment properties dropped by 21 per cent.

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At the year end net borrow-ings stood at £90.9m (£91.2m), representing gearing of 102 per rearranged its principal bor-rowings with a syndicate of four banks. The new five year £85m facility, which is secured on some of the group's proper-ties, replaced a £105m facility which was due to be repend in June next year.

Commenting on the results Mr Dundas Hamilton, chairman, said: "1992 has been without doubt the most difficult year in the history of the rom-

"The failure of others in the property sector has led the banks to apply increasingly stringent lending criteria. We are fortunate that the company entered the recession with a relatively modest level of gear-

He added: "There is some evidence that the worst of the

Thorntons drops to £7m

LAUNCH COSTS for two lines of chocolates slimmed profit margins at Thorntous, the chocolate maker and retailer, The shares fell 10p to 200p as the group announced pre-tax

£7.16m to £7.02m, for the half year to January 9. Operating margins were eroded from 15 per cent to 14.1 per cent, mainly because of the launch of the Select range and

profits down 2 per cent, from

The group's UK retail operations achieved sales of £39.3m, up 9.6 per cent on the

N Midland

products in the UK.

decline

continues

previous year. Mr John Thornton, chairman and chief execu-

In the four weeks to Christ-mas, UK retail sales grew 8.3 per cent on the previous year. The group said it was £750,000 bort of stock.

the relaunch of the Continental

although he said the full-year figure might be less than last year's £750,000 deficit, partly lepending on currency fluctua-

tive, whose family owns 48 per cent of the shares, said profits were slightly under expecta-

The group's French subsidiary continued to make losses,

NEWS DIGEST

half year to end-January

improved to 5.88p (5.02p) and

the interim dividend is again

Sales in France rose to £5.3m (£4.6m). Interest payments

increased to £650,000 (£478,000) with net borrowings at the half year of £4.8m. The group has suffered because of relatively high French Interest rates. Thorntons has between £7m and £8m in French franc long term loans.

Capital spending increased to £5m (£3.7m). The group spent £1m on shops, opening 30 more outlets in the UK bringing the total to 442. It opened two more shops in France. The group spent £3.2m (£1.4m) on

Earnings per share slipped to 7.38p (7.53p).
The interim dividend is maintained at 1.25p.

De Beers Consolidated

Mines Limited

Uncorporated in the Republic of South Africa

De Beers



Centenary AG

EXTRACTS FROM UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 1992

Rand millions

22 227 24 389

25 979 29 299

2 968 3 371

11 175 12 327

25 979 29 299

26 876 26 819

1646

339

1 527

348

358

1 222

546

- ◆ Total dividends for the year reduced by 29% to 79.1 US cents or by 21% to 241.6 SA cents per linked unit.
- Mixed signals from markets, but an encouraging start to 1993.

- Profits decline by 35% to US\$ 491 million or by 33% to R1 413 million.

DEC FORMA			-	
PROFORMA	COMBINED	INCOME	STATEM	ENT
Rand millions			U56	millions
1991 1992			1992	1991
Restated*				Restated"
2 237 1 850 D	namond account		644	801

2 251	1 850	Diamond account	644	801
582	607	Investment income	211	208
579	297	interest received	103	207
2 869	2 093	Nel income before taxation	728	1 027
705	644	Taxation	224	252
2 120	1 413	Attributable earnings	491	759
2 983	2 178	Equity accounted earnings	757	1 068
380	380	Number of linked units in issue (millions)	380	380
		Earnings per linked unit:		
558c	372c	- excluding retained earnings of associates	129c	2000
785c	573c	- including retained earnings of associates	199c	281
		Dividends:		
87.0c	62.0c	- per De Beers linked deferred share	20.3c	31.70
220.5c	179.6c	- per Centenary depositary receipt	58.8c	80.4
307.5c	241.6c	Total dividends per linked unit	79.1c	112.1
R2.79	R2.88	US Doilar/Rand average exchange rates	R2.88	R2.79

and 1991 figures, previously converted at year end rates, have been restated.

Both the De Beers Consolidated final dividend (No. 146) of 34 SA cents per linked deferred share and the Centenary Depositary dividend distribution (No. 6) of 43.8 US cents per depositary receipt have been declared payable on Wednesday, 26 May 1993 to linked unitholders registered at the close of business on Friday, 26 March 1993. That portion of the dividend distribution attributable to De Beers Centenary AG is subject to approval by that company's shareholders at the annual general meeting. The registers will be closed from 27 March to 8 April 1993. The full conditions relating to the dividends may be inspected at the offices mentioned below as well as the offices of the transfer secretaries.

The 1992 results have been converted at average exchange rates in line with current accounting practice

DIRECTORATE

COMMENT

It is with great regret that the directors record the death on 5 March 1993 of Dr Henry Dyer, who had been a director for 18 years and managing director of De Beers Industrial Diamond Division for 22 years.

As forecast in August, the profits for the second half of 1992 were down by much more than in the first half - a reduction of 49 per cent compared with 26 per cent - so that attributable earnings for the year were 35 per cent lower in US Dollars. The final

dividends have been reduced by 37 per cent resulting in total dividends for the year

being 29 per cent lower. In Rand terms those last three figures are 33 per cent, 30 per cent and 21 per cent respectively. After allowing for the final dividend net current assets at US\$ 179 million were lower by

R2.74 R3.06 US Dollar/Rand year-end exchange rates _____ R3.06 R2.74

Net asset value per De Beers/Centenary

Market value/directors' valuation of all investments

PRO FORMA COMBINED BALANCE SHEET

Preferred and outside shareholders' interests

Linked unit holders' interests ...

3 404 4 552 Long- and medium-term liabilities

Investments and loans ...

Diamond stocks

Net current assets ...

Trade advance .

331 Stores and materials ...

linked unit ...

Represented by:

Fixed assets .

US\$ 378 million and long- and medium-term borrowings increased by US\$ 249 million to US\$ 1 490 million – an overall change of US\$ 627 million. Borrowings are more than twice covered by facilities. Stocks rose by US\$ 731 million to US\$ 3 765 million. Consumer attitudes to diamond jewellery remain positive. While final figures for world retail sales of diamond jewellery for 1992 are not yet available, it looks as

world retail sales of clamond jewellery for 1992 are not yet available, it looks as though such sales will have matched those of the previous two years with improved sales in the United States between Thanksgiving and Christmas. However, European markets are sluggish and in Japan falling imports and retail diamond sales give reason for concurn. Retail markets in the rest of East Asia continue to expand. The CSO restricted its sales in the latter part of 1992 and the balance between rough supply and demand in the cutting centres has been restored. The mood in those

res is now cautiously optimistic. centres is now causously opomusic.

The February price increase of an average of 1.5 per cent has been readily absorbed by the market, indeed, sales at the first two sights have been very good, though they have been stimulated by a number of exceptional factors, including the current scarcity of diamonds coming out of Angula owing to the roiny season and the divil war, a hiatus in the supply of Russian polished owing to the imposition of a 20 per cent export duty (now being lifted); and unusual demand from India flowing partly from the Ruspee becoming fully convertible and partly from increased offtake from the United State

Copies of the provisional annual financial statements and dividend notices will be posted to linked unit holders on or about 11 March 1993 and will also be available from the following offices:

De Beers Consolidated Mines Limited 36 Stockdale Street

De Beers Centenary AG Ci 1-6000 Lucerne 14

Anglo American Corporation of South Africa Limited Lundon ECIN 6Q8 England

last year. Following the halving of profits to £555,000 in 1991, the result came out at £159.000. Turnover fell 25 per cent to £18.2m (£24.1m). Earnings per

net assets fall Net asset value per share of Kleinwort Development Fund stood at 313.22p at January 31. That was a decline of 13.82p on the figure of 12 months earlier

Kleinwort Develop

and 7.67p on the July 31 yearend value Earnings per share for the

USDC lifts net asset value by 13%

PROFITS continued to decline USDC Investment Trust lifted at North Midland Construction net asset value from 192.1p to 216.4p per share, last year. The trust, managed by GT Management, reported net revenue of £2.05m (£1.95m), equivalent to earnings of 5.59p share were 1.3p (3.8p). A final dividend of 0.3p is recommended for a total of 0.6p (1p). (5.33p) per share. The recom-

mended final dividend is held

st 3.25p to bring the total for

Hambros Bank

backs radio bid Hambros Bank is backing a management-led bid for RFM. the French radio network which went into receivership

following the collapse of Crown Communications. The main contenders for the

network are thought to be the management team led by Mr Andrew Manderstam, who has run RFM since Crown took over in 1989, and a consortium led by NRJ, a rival network.

Under the plan, which would involve financing of some £12m and an immediate injection of £1m, Hambros European Ventures Development would take 26 per cent of the equity. A media subsidiary of La Caisse de Depots, the French government investment bank, would

take 20 per cent. The magazine L'Evenement de Jeudi would also take 20 per cent and the staff would subscribe for a significant stake

British Data £5.13m

property buy British Data Management is paying £5.13m for 8 993 year unexpired leasehold interest in a property in east London.

About £2.01m of the consideration is being raised by the placing of 1m shares at 202p each.



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FINANCIAL TIMES SURVEY

CREDIT MANAGEMENT

Wednesday March 10 1993

The avalanche of bankruptcies, many caused by mismanaged cash flows, and the tenuous state of company finances have dramatised the need for better credit controls by borrowers and lenders. They have also fuelled demands for legislation to penalise late payers. Charles Batchelor reports

In the teeth of the gale

traditionally been seen as an unglamorous, back-office job. While the sales team got the expense account lunches and the smart cars, the credit controller ate in the canteen and

processor selfered

Topoel

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went home by bus. Until the onset of the recession, that is. Spiralling failure rates, ever-lengthening payments delays and a crunch on company cash flows have brought home the importance of efficient credit management. Ineffective credit controls have meant that many otherwise viable businesses have gone to

The old excuses for not taking action to reduce credit risk have been discredited, says Ms Barbara Bennett, corporate affairs manager at Trade Indemnity, Britain's largest insurer of domestic trade

Among the famous last words of doomed businessmen she lists: "All my clients are blue chip" and "I have known the company for 20 years, I was playing golf with the managing

director only last week." The credit management sector has two main elements; the in-house credit controller who attempts to ensure the com-

CREDIT management has ers of credit services. These include the business informa-tion providers which credit rate companies, the factors, the credit insurance groups and the debt-collection agencies.

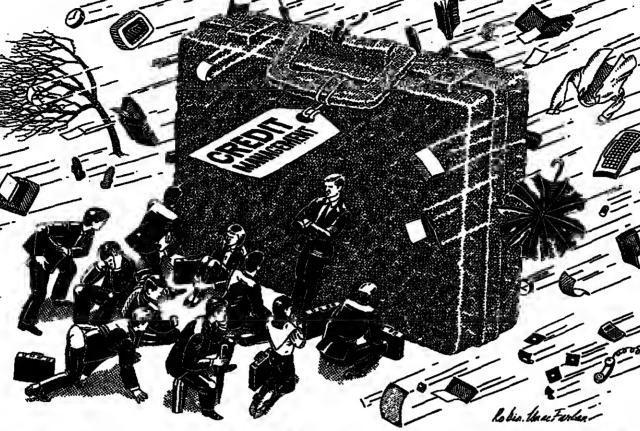
Companies in Britain employ about 80,000 credit controllers or managers, calculates Mr Peter Allen, chairman of the Institute of Credit Management. But there is often no career structure and their sta-

tus in many companies is low.

"Many senior managers are reluctant to employ a specialist," says Mr Allen. "This is despite the fact that the person in charge of the debtor ledger typically is in charge of 40 per cent of the business'e current assets, more than anyone else in the company apart from the managing director."
To boost standards the insti-

tute, which has 8,000 members, runs training programmes around the country and plans to move to a system of examonly entry.
A more professional

approach to credit management is the only way to improve the payments position of British companies, says Mr Peter Rowe, the institute's director general. The welter of proposals which have been pany only does business with made to ensure that compa-customers who can pay on nies, particularly small busi-time; and the external suppli-nesses, get paid on time will



not solve the problem, he

One proposal, so far rejected by the government, is for legislation to give companies a statutory right to interest on unpaid bills. This idea has the backing of the Forum of Private Business, a small business lobby group, Dun & Bradstreet, a business information group and intrum Justitia, a debt collection agency.

But others, the institute included, believe it would be unduly complex to administer and unlikely to make a difference to companies which did not wish to offend their customers.

The government has responded by financing three pilot projects run by a chamber of commerce and two trade associations to establish "model" procedures for speeding up payments, it has also streamlined county court pro-cedures for collecting debt. The

improvements include dispensing with preliminary hearings in all but exceptional cases, allowing judges to help liti-gants who are not legally represented and requiring judges to explain their decisions

Another move by government is to require large companies to declare in their annual report the time it takes them to pay their suppliers. The gov-erament has published a consultation paper aimed at finding the most acceptable method of providing this information. But many finance directors and accountants are sceptical that the numbers would be meaningful unless the average contractual payment terms agreed by individual companies and by the industry sector were also pub-

than 400 CBl members have signed up to a register of companies which guarantee to make prompt payments. The code has been criticised as depending on the goodwill of participants and for lacking

real teeth. The institute, for its part, has suggested that payments performance should be one of the areas included in BS5750, the quality management standard which has been adopted by several thousand companies. But the government wants to see if other methods work first while the British Standards Institution is unwilling to add another element to lts standard. A separate prompt payment kitemark might be the answer, says Mr Allen.

That some action needs to be taken is evident from the poor A separate initiative has also payments performance of Britisheen taken by the Confederation of British Industry. More normally quote payment terms

of 30 days but wait 80 days to get paid, according to the British Association of Factors and Discounters, German and Dutch companies also normally quote 30-day terms but wait just 50 and 45 days for

A recent survey by Trade Indemnity showed that of the 600 UK companies it contacted just 3 per cent had been paid on time. Large companies frequently pressurise small sup-pliers with the threat of losing all their business unless they agree to very disadvantageous payment terms.

Despite the fact, or perhaps because, the payments record of British companies is so poor, the UK has the most developed credit management industry in Europe. "We are ahead of continental Europe in terms of the amount of business information which is available and our expertise in assessing risk," says Mr Brian Balley, managing director of UAPT-Infolink, a large provider of business

and credit information.

Business information groups such as Dun & Bradstreet International, infocheck, ICC and UAPT-infolink provide a wide variety of credit assess ment services in both bard copy and electronic form. A salesman can now call up credit information in his car before visiting a potential cus-

The factoring companies have been expanding their husiness in recent years and could benefit from the end of the present recession if the banks prove reluctant to provide conventional overdraft lending. The factors provide e range of services ranging from taking over the management of their client'e sales ledger to simply providing cash against involces. More than 9,000 com-panies with a combined turnover of £16bn make use of factoring or invoice discounting companies.

The domestic credit insurance industry has been dominated by one company, Trade Indemnity. But new competition in the form of NCM Credit Insnrance, e Dutch group which acquired the short-term export credit insurance arm of the Export Credits Guarantee Department, has emerged. NCM claims a 5 per cent market share after its first year of operations against the 80 per

cent beld by Trade Indemnity. These different sectors of the credit management industry make extensive use of each other's services. The factors offer credit insurance as an add-on to their core activities of managing sales ledgers and providing cash while the credit insurers and the factors make use of the business information

Many of these groups have also diversified into related fields of business. Dun & Bradstreet and UAPT-Infolink both have debt-collection operations. Trade Indemnity has a half-share in a factoring company, Trade Indemnity-Heller Commercial Finance, while Infocheck has developed a credit insurance service and also linked up with International Factors to provide facIN THIS SURVEY

Credit rating: Intelligence ebout customers is big business with many newcomers ☐ Rules of engagement: the procedures to use for good credit management; □ Companiae House: a stetutory old nulsance is

becoming an eggressive commercial outfit..... PAGE 2 ☐ Factoring: the economic recovary will offer golden Opportunities to factors and invoice discounters; C Profile: Household Mort-

gage Corporation, a private residential mortgage compeny as big as a bulldingPAGE 3 Late payment: legislation is mooted for a problam exacerbated by recession;

□ Debt recoverers: e record year despite hard work and an abiding image problem; ☐ insurance protection: it was started by a man called Cuthbert Heath..... PAGE 4 ☐ The legal maze: e guide to the costs and complexities of going to court;

□ Computers: the power to do a lot more than mere credit scoring......PAGE 5

toring and invoice discounting. "Businesses havs become aware that they can substitute one service for another," says Mr Bruno Tavernier, a director of ICC. There is more competition between the different parts of the credit management industry."

But before they make use of outside services such as these, managers must ensure that their internal credit controls are good. "People don't help themselves," comments Mr Philip Mellor, marketing manager of Dun & Bradstreet. "They don't agree terms in advance or call to check that the goods delivered were satisfactory."

Three years into a recession the credit specialists still find alarming examples of poor credit management. Says one: "If people put as much profes-sionalism into credit management as they do into sales they would be much better off."



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Know your customer

market has expanded significantly over the past decade. New players have emerged to challenge the old-established groups and the demand for ever-faster credit decisions has both pushed and been pushed

hy rapid technological change. At the same time, only a tiny percentage of commercial sales decisions are taken on the basis of Information provided hy an outside credit rating agency. The challenge for the industry is two-fold: to convince more businesses of the need for properly informed sales decisions and to refine the technology to make this

"Credit vetting should start at the sales stage," says Mr Phillp Mellor, marketing manager of Dun & Bradstreet Inter-national (D&B), which claims to be the largest provider of husiness information in the UK. "The sales force will become disillusioned if it takes an order which is not accepted hy the credit control department. Consider that the average cost of a sales call is £150." A credit control policy should enable the sales people to concentrate on customers

If these barriers can be hroken down the potential for the

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who will be the most profit-able," says Mr Brian Bailey,

managing director of UAPT-In-

folink. "Yet often this is ham-

pered by a conflict between the

sales director and the finance

is enormous. Only one in 15 taken with help of "third information, calculates party" information, calculates Mr Mellor. Mr Bailey puts the figure at "a few percent".

The reason for this reluctance may lie in the availabil-ity of husiness information in the UK from one central source, Companies House. Compare this with continental Europe where company information is often lodged with local chambers of commerce or even the US, where relatively few companies - 17,000 against

Information together in a single credit report and, even more important, interpreting it for their customers.

Business investigation is a growing activity, but

it still influences very few commercial sales

of the information companies.

The task for the information

provider is to collect the pub-

lished information available

company reports, county court

judgments, directors' disquali-

fications - and to supplement this with unpublished informa-

tion on the past payments per-

formance of companies and

individuals. Where the infor-mation companies add value is

in hringing this disparate

900,000 iu the UK - are required to file returns. But the value of this information may he more apparent than real, the husiness information groups claim. Companies House data can be up to 15 months out of date. in boom times, let alone a recession, this delay can conceal payment

problems at a company. Fortunately for the credit rating industry demand for credit information comes not just from the corporate enduser but from a host of intermediaries, financial groups such as finance and leasing companies, factors and the credit insurers. Although they collect a great deal of information themselves they provide a

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It has been in the market for consumer information where most rapid growth occurred during the 1980s. Increasing affluence led to a rise in the purchase, on credit, of expensive consumer durables such as video players, cars and hoats. At the same time the deregulation of financial markets meant that many more financial products, also involving long-term financial commitments ou the part of the purchaser, became avail-

there was often very little information available on the ability of the private individual to meet his credit commitments. And whereas a supplier could take security on the assets of a company or the per-sonal assets of its directors there was less security available when granting credit to a private individual.

Unlike the commercial sector

Some of the information providers have their origins in serving the consumer market, providing information to mail order houses, for example, while others come from a commercial background. As time has gone by commercial pressures have forced the larger groups to provide both sorts of information, either by collect. ing it themselves or by establishing links with companies which could fill the gaps in their portfolio.

There are considerable benefits from being able to provide both commercial and consumer information, says UAPT-infolink's Mr Bailey. "With new companies which do not have a trading record it is important to be able to flip over into our

ON THE last Friday in

January this year, Companies

House, the government's cor-

porate information agency, had

a bumper delivery of mail: the

aquivalent of nine normal

days' worth. On Saturday it had two days' deliveries. On

Sunday, couriers brought another four sacks.

A few months ago, such entbusiasm would have been

implausible. But the timing

marked the end of the period

in which accounts from the

many companies incorporated

in March are required to be

filed. More important, it was

just half a year since the

agency launched its crackdown

porate information.

he says. "You felt unlucky if

personal database with infor-mation on directors." UAPT-In-folink claims to be the oldest UK credit information organia company to horrow and lend, sation, tracing its origins back to 1842 and the foundation of oil the wheels of the husiness, the London Association for the Protection of Trade, a mutual association of traders to exchange information about their customers. Amalgam-

tion or UAPT in 1965. The other main players in the husiness information mar-ket have also broadened their scope. D&B has established links with Equifax Europe (UK), a consumer information gcoup, while CCN which started out pcoviding consumer information, now offers commercial information services. ICC Information Group specialised at an early stage in the financial analysis of companies and industry sectors and still provides a range of City-oriented services but it

ations turned the London asso-

ciation into a united associa-

too offers credit checking infor-The information collected by these organisations is available in many forms, in hard copy, print, by post, telephone, fax, viewdata or computer link-up. Increasingly information is required immediately to permit

a sales decision, so on-line services have grown in impor-Customers with a beavy demand for information may take out a subscription while those with only intermittent need for information may huy one-off reports. Some custom-

ers may require a detailed financial report while others may make do with a quick credit assessment. "We have a modular system which allows us to carry out checks to differ-ent levels of detail depending on the risk," says Mr Kevin Still, marketing manager of UAPT-Infolink.

Some of the information groups provide a written summary of the company being assessed while others have devised short-hand codes to convey a credit rating.

The result of all this work on compilation and analysis has been to make information much more readily available to a broad range of users. "The small firm can now exploit information which would bave only been available to the higger company 10 years ago, says Mr Bruno Tavernier, a director of ICC.

they traced you for not filing

on time. We used all the old

excuses which allowed us to

stall for months on end, saying

the director was out of the

country and that we couldn't

get a signature."

Many companies were reluc-

tant to file, since they did not

want people to be aware of

their financial position. Others

simply did not give priority to

completing the accounts of

many of their subsidiaries.

Whatever the excuse those

BORROWING dulls the edge of husbandry, and lending is fraught with risk too. But Polonius was only half right when he warned against both. Good credit management is about following rules. It is not expensive or complicated. Nor should it stifle a company's wish to be creative and flexi-ble, within limits. It can allow

and emerge unscathed. Striking a balance might seem hard: go easy on creditors and you could be taken for a mug. Hire a couple of heavies to pick up a dcht, and you may lose a valued customer. Pay your hills late too often and you will get a bad name, and risk losing discounts and after

sales service. Essentials for a credit man-ager are persuasion skills and hrinkmanship, says Mr Bnrt Edwards, fellow of the Institute of Credit Management. You must press for payment according to agreed terms, but must hack off if there is a genuine

dispute

If you are about to start up, seek expert advice on the law and best trade practice. But there are rules any company can follow to improve internal procedures.

The Confederation of British Industry offers the following guidelines to improve credit management have a written contract,

stating your terms and conditions. In particular, it should give clear terms of payment, agreed and understood before you trade. Payment periods should be compatible with cashflow.

• check creditworthiness. Limit risk by running a customer through credit rating agencies. "No-one in their right mind would huy a house with-out a survey," says Dr lan Peters, a CBI deputy director. · personal contacts. Get to know the people in the accounts or sales departments. Know who to speak to if payment or delivery is late.

employ someone solely responsible for credit management, "It is the Cinderella of small husiness management," says Dr Peters. "Yet it can make or break a company. It is at the heart of husiness survival but it is often seen as a clerk's job."

· set down a time limit for payment beyond which you cannot go. If a buyer wants terms which your company cannot finance, say No. "A good manager knows how far the company can go in being flexible," says Dr Peters. "But it is important to set out the parameters.

• have a clear and consistent

for instance, it must file by

December 31.

December 28 that year, not

But Mr David Durham, the

agency's chief executive, is

unrepentant. "There are people

who if you give them an inch will take a foot," he says. "You

may say it's bureaucrafic, but

this way everyone has a very

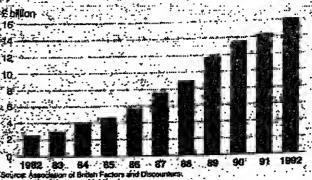
Andrew Jack examines the changing role of Companies House

Where the whip is cracked

What was once only a statutory nuisance is

becoming an aggressive, commercial agency

Total turnover of clients of UK factors



GUIDE TO PROCEDURE

Brinkmanship is not enough

system for chasing payment. It might go like this: a reminder is sent ont, automatically, the day after a payment date has passed. Further written reminders may follow although it is probably better to get on the phone if no payment is made after repeated reminders. Telephone the company or go in person. If payment is still not made, it may then be appropriate to send a solicitor's letter, threatening court action. Do not be reluctant about recourse to the law, but use your judgment on when it is appropriate.

 procedures between customers and suppliers should be compatible. Most large compa-nles use a computer system and standard invoices. Quote reference and order numbers. Get the numbers right, address invoices correctly and send them to the right person.

A company might benefit from handing over credit management to someone else, such as a factor. "This can speed up payment and provide security," says Dr Peters, But you should consider the cost and whether it is appropriate. "If your supply network is straightforward you probably don't need one, but you might if you're in a tricky area. The cost of factoring could be a price worth paying for peace of

Much depends on consistency, thoroughness and an understanding of when to be flexible. Beyond this, you should know something about business law.

Few companies bother to draw up detailed terms and cooditions, fewer still read them, but they can put you

simply by company - and a

mortgage register, both priced at below the standard £3 basic

In the longer-term, there are

proposals for electronic filing

of company returns. Wider

requests under consideration

include access to information

company search fee.

First, ensure that your terms and conditions apply, says Mr Slmon Rawlins of Londou solicitors Baileys Shaw & Gil-

Terms and conditions must be incorporated into the contract at the outset when agreeing an order, otherwise you will be unable to make any of your terms stick in a dispute. If you are agreeing a deal hy telephone, specifically mention that the contract is subject to your terms. Confirm this hy sending an acknowledgement of the order with your terms

on the back. A few well-chosen clauses could help to improve your legal position. Mr Rawlins suggests the following:
• retention of title. This

means the seller retains legal ownership of the goods until they are paid for, it will belp

get your goods back if a customer goes into receivership.

limit your liability. in the unlikely event of your goods proving to be defective, your liability should not be open-ended. THE MEL

3<u>4.</u> 615-14.5

allow flaxibility in your delivery dates. A clause could set out, for example, that you are entitled to deliver on the agreed data, or in seven days.

interest provision. Include a charge for interest on late pay-ment. "It is worth having the option to charge interest even if you do not always use it."

says Mr Rawlins. Mr Rawlins's final tip on legal protection: keep written notes of all stages of a con-tract, including phone conversations. "Courts like pieces of paper. If a dispute arises, a court will want to know whether there is any evidence in writing which you can point to to support your case. If you do, you have a much greater chance of judgment in your favour." And it could greatly

speed settlement.

"It is getting the simple things right every time," says Mr Rawlins. "Have a credit policy, have a set of terms and conditions, know when and how to incorporate them into a contract and ducument your transactions as well as possible. Beyond that, everything else is a commercial risk, but getting all that right will keep the risk to acceptable levels."

☐ Further information: Local Enterprise Agencies or Chambers of Commerce; Institute of Credit Mnnngement, Easton House, Easton on the Hill. Stamford, Lincolnshire, PE9 3NH; Confederation of British Industry, Centre Point, 103 New Oxford Street, London, WCIA

Sheila Jones

CUSTOMERS AND HOW TO SURVIVE



Our guide "A Credit to the Company", explodes some of the myths about credit insurance and demonstrates how companies can protect themselves against the result of failure in

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on companies failing to make their filings within the legal that are tardy now face substantial fines and even the That is just one example of prospect of a criminal record if

how Companies House has they do not comply. begun to change, from a statu-tory nuisance which was largely ignored into an aggressive, commercially-oriented agency being used increasingly by businesses and individuals seeking a growing range of cor-One accountant who files hundreds of company accounts esch year says the change has heen enormous. "You could get away with murder in the past,"

The new regime has not been introduced without difficulties. In the latest of a long line of complainants, the president of the Institute of Chartered

Accountants in England and Wales wrote to the Prime Minister earlier this year concerning the pedantic interpretation of the time limit for filing . which is seven months for pub-lic companies and 10 months for others. If a private company's year-end is Fehruary 28,

on time, against 68 per cent a year ago and 40 per cent in the mid 1980s. For accounts alone, timely returns are now running at 91 per cent.

The mere fact that these per formance figures are available so readily indicates something of the changes taking place. "It used to be that if I had a query and called up three people at Companies House, I got three different answers," says one large user. "Now we are seeing the sort of service the public should be entitled to." That partly reflects the

greater autonomy now placed on officials at the agency. based in Cardiff. Formally it is still part of the Department of Trade and Industry. But it hecame the second executive agency under the government's Next Steps initiative in 1988. In 1991, it became a trading agency, giving it even greater managerial and financial independence and effective ownership of its assets. Mr Durham's commenta are

peppered with concerns to provide what the consumer wants. There is an emphasis on user groups and new publications. I few years ago, users of company information had to pres ent themselves physically at the offices to ohtain data. Now they can order fiches by phone, get some information hy computer and even have searches faxed to them at a premium

Substantial further change is still in the offing. This summer should bring the introduction of two new services: a computerised directors' register accessible by name rather than

clear mandate to work to." The But a dark cloud of uncernew approach has certainly tainty also hangs over the been impressive. He says that future of the service, which is 82 per cent of accounts and making future planning annual returns are now made extremely difficult. Mr Micbael

by VAT numbers.

Heseltine, the trade and industry secretary, announced a review of Companies House last summer which could lead to full or partial privatisation. The conclusions are expected soon, and will be watched very closely. Staff are worried about their jobs, and senior manag-

ers about their roles and responsibilities. Rival company agents who process Companies House information are concerned about fair competition. Many users question the role of the privata sector in collecting and storing statutory information. Meanwhile, users continue to

express some disappointment about aspects of the service. Not least among their gripes is the recent decision to cancel a huge computerisation project which would have permitted far quicker capture and recov-ery of information, and might have allowed documents to be electronically read.

They also say that insufficlent scrutiny goes into the filing of returns, so that many hava omissions such as failing to show the registered office or the names and addresses of all directors.

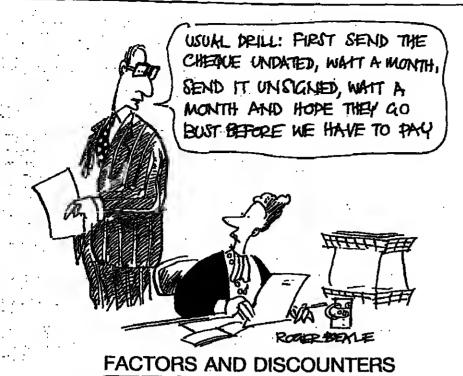
More generally, Companies House sees its role as essentially cierical: to receive, store and retrieve basic corporate information, while examining for only the most cursory mistakes. No one in Cardiff, nor in the Department of Trade and industry in London, seems to look at accounts in detail to ensure compliance with accounting standards or wider regulatory issues, or to investigate concerns highlighted in auditors' reports.

That sald, David Durham argues that the UK still provides one of the most efficient sources of company information in Europe.

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Fingers on the pulse

discounters believe that the economic npture, when it comes, will be their golden opportunity for growth. Not just because increased economic activity will boost business but because the banks, chastened by their losses dur-ing the recession, will be very cautious with their lending.

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Sheila Jone

The factors, too, have had to absorb losses. But because they monitor their clients' per-formance far more closely than the bank manager does his. they are in a better position to spot when a company is run-

ning into trouble. The factors themselves have been advancing this argument for many years but there are now signs that the banks, which own most of the larger factoring companies, are reelising this too. In an appeal for closer cooperation between the banks, government and small business launched last month, Mr Brian Pearse, chief executive of Midland Bank, suggested that the banks should widen their use of factoring and invoice discounting to belp businesses recover from the recession.

Although the banks own most of the large factoring companies, the relationship between the main branch networks and the factoring divisions has been uneasy. Many bank managers have regarded sponsible factoring activities factoring as only suitable for as far back as the 1960s. their less creditworthy customers. The factors for their part industry is a perception among have welcomed business which many businesses that it is an came to them by means of the branch network but have been reluctant to become too depen-

dent on it. Factoring involves a company handing over the management of its sales ledger to the factor in return for an immediate advance of up to 80 per cent of the value of its invoices. This represents a far more generous valuation of trade debts than the 35-50 per cent most bank managers would allow and can lead to a dramatic improvement in the company's cash flow. The fac-tor monitors when his client's customers settle their bills and can warn of impending difficul-

Factoring is typically used by the smaller company which has not yet developed a sophis-ticated system of managing its sales ledger. For the larger company, with more highly developed credit management system, invoice discounting is more appropriate. The invoice discounter provides cash

Factors also absorb losses but are able to anticipate them

against invoices but the client retains control of his sales led-

Although concrete proof of the upturn has yet to come through there are already signs of an increase in factor-ing volumes. Sales financed by the UK's 11 largest factors rose by 13 per cent to £16bn in 1992 compared with a rise of only 2.5 per cent the year before, according to the Association of British Factors and Discounters (ABFD). The number of companies using factoring increased by 7 per cent to 9,221.

"We must be the only business financing sector which can point to growth," comments Mr Alan Hughes, chairman of the ABFD and managhig director of Griffin Factors (part of Midland Bank).

Domestic factoring rose by 8 per cent to £5.6bn while invoice discounting increased by double that rate to £9,7bn. In spite of the imminent creation of the single European market and publicity given to the importance of overseas trade; import and export factoring continued to be the lag- investors in the north west of

gard of the industry, rising just 7 per cent to £643m. An encouraging development was a 1 per cent fall in bad debts absorbed by UK factors to £13.1m - the

first drop in six years. One niche where factoring has established itself is in the financing of management buyouts and venture capital deals. More than 10 per cent of the £3bn of finance advanced by factors and invoice discounters over the past two years has been linked to venture capital transactions, the ABFD calcu-

Increased enthusiasm on the part of senior bankers for factoring and the effects of an intensive marketing campaign over the past four years by the industry may succeed in breaking down residual resistance to it as a method of finance.

For some business owners and managers, factoring retains an image as being a slightly unsavoury form of finance suitable only for com-panies about to fold. Even ownership of the main factors by the banks has not succeeded entirely in erasing this impres-

The number of companies using factors is steadily growing

sion, which dates from irre-

A continuing problem for the expensive way of raising money. Apart from typically paying 3 per cent above bank base rate for the cash provided against invoices, a company would also pay between 0.75 and 3 per cent of turnover for the factoring service. Invoice discounting, which does not involve so much work on the part of the factor/invoice discounter, can cost between 0.1 and 1 per cent of turnover.

For companies working on very narrow margins the cost of the service could prove a deterrent. For others, the factors argue, the savings achieved on the cost of running a sales ledger department and from being paid more promptly, more than outweigh the costs.

Now that all the large UK banks have their factoring arms there has been little change among the bigger players over the past year or so. Lloyds Bank has two separate factoring divisions, Alex Lawrie and international Factors. Barclays has Barclays Commercial Services, National Westminster has Lombard Nat-West Commercial Services while Midland has Griffin.

The past year has seen some changes among the smaller players, however. AIB Com-mercial Finance, part of the Irish AIB banking group, withdrew from invoice discounting at the end of 1992 after failing to achieve the scale of business it had hoped for. Kellock, a Bank of Scotland subsidiary, took on the continuing business in AIB's portfolio.

Venture Factors, which had been owned by the United Bank of Kuwait, was acquired in mid-1992 by IFN Factors, part of the Dutch ABN Amro Bank group. This made it the second Dutch-owned factor/invoice discounter in the UK alongside De Lage Landen, which is owned by Rabobank. Venture Factors plans to con-centrate on providing invoice discounting to the UK subsidlaries of continental European companies, says Mr Tony Cox,

managing director. A third development in the industry was the expansion of Causeway Invoice Discounting into factoring through the purchase of Finance for Business (Europe), a private company owned by a group of individual

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Catherine Milton hears about the travails of a private mortgage company

From the depths of the slump

head of underwriting at the Household Mortgage Corporation, the privately-owned residential mortgage company. During 1990 he regularly consulted a "knowledge" engineer about his job.

He was not suffering from brain strain. The discussions he had were part of the compaoy's attempt to speed up its underwriting but maintain consistency through eutoma-

The company, which is roughly the same size (in terms of assets) as the Chelsea Building Society, 12th or 18th largest in the UK, has traded through the housing slump, serving about 35,000 customers with about £2bn worth of business on its books.

HMC last year announced bad debt provisions of £4.16m for the year to end-March 1991, sharply up from £2.2m the previous year. This was relatively modest compared with other lenders. Its pre-tax profits had more than doubled in the year to March 1991 from £2.21m to £5.16m.

England. "By offering only

invoice discounting we were

precluded from doing business

with quite a lot of companies

which were fundable hut

where the administration and

Causeway's move represents

an intriguing development fol-

lowing several years in which

invoice discounting has been

the fastest growth sector.

The company says it identified four priorities in the 1980s sales ledger management left as the need to maintain: something to be desired," says Mr Brian Sumner, managing the quality of its loan book in a difficult market; • protectioo against fraud through scrutiny of applica-

 fast turnaround of mortgage applications - generally within 24 hours: Charles Batchelor • current staff levels to han-

MR RICHARD ANDERSON is dle a larger volume of applica- combined efforts of several examples of what we would tions when the market recov-

> Automation seemed the logical route. HMC turned to Infol-ink Decision Services, one of the UK's four main suppliers and designers of credit scoring

A report into credit scoring published last year by the Office of Fair Trading found that the oumber of lenders using some form of credit scoring system in the UK has grown recently.

The OFT said: "Credit scoring is now an established and integral part of the procedures of much of the credit industry. Credit scoring is used extensively by many if not all the major lenders in banks, credit and charge card issuers, finance houses, building societies, retailers, mail order companies and direct selling companies as well as other

lenders. Mr Anderson says: "We wanted the computer to do what underwriters have always done manually. For example, we wanted it to check the distance between a person's place of work and the property. There may be a very good reason why someone who gives a work address in the North of Scotland is buying in the South East of England, but

lt is unusual." The company believed computer could reach a level of consistency in underwriting which would normally take the people to achieve. The computer would also

leave underwriters free to attend to less straightforward applications where judgment is important.

This consistency is a main element in detecting fraud, hut the system is also designed to deter fraudsters. Mr Anderson says: "There is a certain amount of shouting-from-thetree-tops. We want people who

established practice among banks, credit and charge card issuers

Credit scoring is

are considering these kinds of frauds to know that their chances of success at HMC are

But HMC wanted a system capable of producing a report which would allow underwriters to see clearly how the computer had arrived at its conclusion and investigate as appropriate rather than simply scoring applications.

It was at this point that Infolink sent in the knowledge engineer. This was to try and identify the values behind HMC's underwriting decisions. Mr Anderson says: "The psy-chologist was sent in to try and understand the way we underwrite. We will deal with a loan application and we will look at certain facets of that

application. "We had to give

and would not accept and the relative importance of different factors in that decision." Infolink studied the risk weighting HMC gave factors such as income, age and employment history, for each particular product. It also looked at cases which had been declined and

the performance of those which had been accepted. Today, as each application form arrives at HMC, the operator will type in the name and address, which triggers a credit reference request. By the time the operator has finished inputting details, the credit reference will have been returned aod will be weighted. An assessment breakdown form -

based on the scrutiny of more

than 100 factors - is then produced for underwriters to check. The procedure usually takes about 10 minutes. The old manual system took an average of two hours assuming no distractions from colleagues or tele-

phone calls. Mr Anderson insists that the System has no flaws, although he admits to having dotted a few i's and crossed a few t's in the early stages after installation. The company is equally silent about the cost of the system. The OFT described cost of such systems as "substantial" and requiring a volume of busi-ness for the increased efficiency generated by its use to offset the cost within the life of

Mr Andersoo said: "You are not talking about a £10,000 system. But it has already picked up a couple of cases of what we believe to be attempted fraud."

The company is also anxious to stamp on the idea that automation could lead to job losses. HMC has not reduced staff numbers since installation of the system, although some staff have been moved into customer services, to deal with the darker side of HMC's credit management - arrears man-

Mr Geoff Wagland, HMC's corporate affairs manager, says arrears management is one area in which computers are unlikely to make much of an increased contribution: "This is where the customer services element really comes into its own. This is where you oeed people, although computers can help."

All mortgage repayments are made to HMC by direct debit and the company will let customers know the debit has not been honoured hefore their bank does: "We will get on to a customer in difficulties very. very quickly so as to work out a solution that works for both parties."

He says: "If you have got it right in the first instance then customers don't get into difficulties without a good reason." That is why his company puts such emphasis on underwriting quality and its computerised credit system.

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ONE man's meat is another man's poison. Directors of big, publicly quoted companies might reflect on this if they boast about their cash management achievements during the current financial reporting sea-

Reduced working capital is achievable in a number of ways including better stock control. But as every company accounts department knows. one of the crudest, if most effective, methods is to chase up customer debtors and keep

The problem of late payment always surfaces during a recession - when money is tight and hanks are twitchy - and the economic downturn of the early 1990s has been no excep-

supplier creditors at bay.

All companies suffer but small businesses with limited resources definitely hear the brunt. Legislation is planned which will force businesses of a certain size to state publicly in their annual accounts how long it takes them to pay their hills. But there are growing calls for tougher action, including compulsory financial penalties for offenders.

All the recent evidence suggests that the recession is lengthening payment delays. The Association of British Factors and Discounlers says that the time taken for European companies to pay their debts increased on average by one third in 1992, Even in Germany, payment periods have

TIMES MAY be tough for

companies and individuals

who owe money, hut the deht

collection Industry claims that

they are no more pleasant for

It either as a result of the UK's

Mr David Baber, chairman and

managing director of Credit

Protection Association. Turn-

over in 1992 was up 40 per cent

to £7m, and profits stood at

Intrum Justitia, the Swedish-

based debt collection group

which claims to be the higgest

NHOL

We had a record year," says

Trade Indemnity, the UK credit insurer, showed in a sur-vey published last month that only 3 per cent of 600 compa nies polled in December were

being paid on time. The additional cost of interest on borrowed money (or loss of interest for companies in the hlack) obviously feeds through to lower trading margins. Creditors without a formal funding facility, of course, will suffer bigger penalties so that profitable companies can run into serious cash flow difficulties. On top of this the cost of

systems and resources allocated to address overdue deht should not he forgotten: nor can the VAT effects of late payment be overlooked. Busis are often paying output VAT hefore the money has been received from customers. thus leading to a further cost

All in all late payment could amount to 3 to S per cent of operating costs - a significant number in today's tough market conditions. German experience may indeed be worsening - but given that the annual average payment delay in the UK is more like 78 days what is happening elsewhere is of

more than academic interest.

The average collection period in the US is 54 days. The Department of Trade and Industry has issued a payments procedure. And the Confederation of British Industry. which says that late payment threatens the survival of one prompt payers" code. Only

Andrew Jack on debt-chasers' image problem

Rat-catcher syndrome

in Europe and possibly the

world, says profits rose by

more than a third last year to

£11.6m. on turnover up by

Mr Baber says that his com-

pany has more than 4,000 regu-

seeking to recover unpaid bills,

and a further 6,000 who pay on an ad hoc basis. "On any day

we could be sending out 1,500 letters," he says. "We have

about 2,000 cases at some stage

of legal action with a solicitor

Yet the industry claims that

AMANDA

retained."

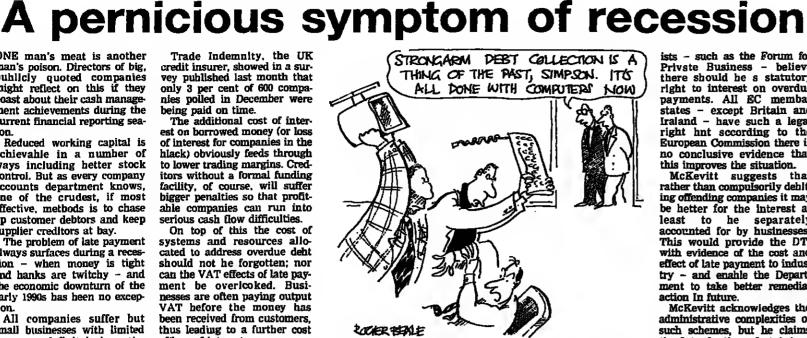
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nearly a half to £75m.



400 husinessas out of the 250,000 members have signed up though the list includes Esso, Bcots, British Airways

The Government's disclosure plan - which should be in force by the end of the year is the first legally hinding initiative in the late payments area. The hope is that large companies will be embarrassed to admit to bad practice, and will therefore be shamed into pulling up their socks. The rights of redress for an injured narty have always been available through the Sale of Goods Act - but many smaller suppliers are reluctant to cause a fuss for fear of losing out on

good news. "There's a lot less

meat on the bone," says Mr

Larry Lewis, chairman and

joint managing director of the Lewis Group. "We have to

work harder in a recession."

That is in spite of his compa-

ny's 1992 increase in profits to

£720,000 from £243,000 in the

The argument is that both

consumers and companies

have become much more reluc-

tant to pay their debts during

the recession. Consumer

spending has declined in

response to the downturn.

previous year.

Private Business - believe there should he s statutory right to interest on overdue payments. All EC membar states - except Britain and Iraland – have such a legal right hnt seconding to the European Commission there is no conclusive evidence that this improves the situation. McKevitt suggests that

rather than compulsorily debiting offending companies it may be hetter for the interest at least to he separately accounted for by husinesses. This would provide the DTI effect of late payment to industry - and enable the Depart ment to take better remedial action In future.

McKevitt acknowledges the administrative complexities of such schemes, but he claims the Introduction of statutory Interest in Germany has been beneficial for Investment

The idea of a prompt pay ment standard - or kitemark has recently been floated hy the Institute of Credit Manage ment which has approached both the British Standards Institution and the government for a response.

The institute's original plan was for a prompt payment clause to be added to BS5750, a quality management standard which has won widespread acceptance. But this was rejected by the BSL

paying its creditors in 65 days The proposed kitemark - the difference equating to an additional 20 days financing would commit companies to paying their hills hy the date stipulated in the agreed terms.

INSURANCE PROTECTION

It began with a man called Cuthbert

IN THE rapids of risk management, domestic credit insurance has been a somewhat forgotten tributary, quietly providing some traders with cover against losses dua to insolvency or protracted default by the buyers of their

Credit insurance wss invented at the turn of the century by Mr Cuthbert Heath, the innovative underwriter who in the 1ste 19th century steered Lloyd's of London away from its exclusive concentration on insuring ships.

In 1936, however, the then ruling Committee of Lloyd's hanned underwriters from writing credit insurance, following concern over a fraud case in the 1920s which centred on imaginary Swedish huses and taxis and saw underwriters liable for £367,000.

This left the field clear for Trade Indemnity, which still remains overwhelmingly the market leader in domestic credit insurance, and of which Mr Heath was a founding member in March 1918.

The domestic credit insurance market was worth £140m in 1992 and TI's share was 82 per cent, according to Datamonitor, a market research firm. TI believes it insures 15 per cent of all UK companies that could use credit insur-

In the same year Datamonitor estimated that Panfinancial, a conglomerate formed hy Japanese, Swedish and Finnish insurers in the early 1980s, had 9 per cent, with the Belgian company Namur sccounting

for 7 per cent. NCM (UK), which first entered the market for domestic credit insurance in April 1992, had only about 2 per cent of the UK's domestic credit insurance but its presence is significant.

The Dutch private sector credit insurer is dominant in the UK export credit insurance market. in 1992 NCM had 70 per cent of business worth £85m following its purchase of the short-term business of the **Export Credits Guarantee** Department in December 1991.

The Dutch insurer Aegon and the French insurer Assurances Générales de France (AGF) have also established footholds in an industry experlencing a period of fairly rapid

Mr Bryan Squihh, sales director of the specialist brokers, the Credit Insurance Association (CIA), said: "Things have changed dramatically. NCM is pushing case-for-case against TL Last year TI was forced to push up its rates and that allowed NCM to go in and write s number of domestic policies. The competition has forced everyone to respond with aggressive policies which is great for customers."

The growing number of insolvencies in the UK means the market is expanding as more companies seek to buy

policies. CIA says "extensive" research it commissioned from an independent agency indicates strong concerns shout credit risk and the risk of nonpayment among medium and large companies. Three out of four respondents were experiencing problems in obtaining payment within agreed credit

Twin henchmarks in the development of the Industry were the failures of Lowndes Queensway, the retail group, and Coloroll, the home furnishings group, in the summer of 1990. Insured credit losses stemming from the Coloroll collapse amounted to between £9m and £20m.

Trade Indemnity, founded by Cuthbert Heath in 1918, has been the UK leader in credit insurance since 1936

The other side of this picture is that in such parlous trading conditions insurers face losses as claims increase

In more huoyant times credit insurers are almost unique in the broader insurance market because they routinely return profits on premium income rather than relying on investments. This, and the potential for expansion in the market, are perhaps both reasons that Lloyd's has been reconsidering its credit insurance han and why some large continental European insurers have recently entered the markat. Since 1990-European legislation has allowed credit insurers limited freedom to trade across borders.

And technological innovation in the field is introducing new products which can he cheaper and are available to smaller companies, in general customers pay less than 1 per cent of turnover, depending on the sector they operate in and how well they are judged to control credit risks.

The arrival in the industry of Infocheck's computerised on-line credit insurance policles has, however, created a new product range, some of which is specifically aimed at

smaller companies.

The traditional "whole turnover" credit insurance nor-

maily protects all sales under a single policy. The policy provides the credit manager with financial advice on all principal customers. Generally the insured will self-insure an element of each credit limit. Indemnity is typically 80 to 85 per cent. The risk posed by each buyer

varies so the credit insurer may wish to vary the credit limit. For this reason credit insurers stress the financial sdvice and management side of their service. They say credit insurance is a discipline on. and a back-up to, credit control. Many companies put their futures at risk because they are unaware that their credit may be up to 40 per cent of their current assets, they say.

The other main traditional type of policy is excess of loss "catastrophe" insurance. The insured will agree a "first loss" or non qualifying loss designed to eliminate predictable lower level losses. A very large "layer" of cover is then purchased in excess of this self nsured proportion.

ln 1991 Infocheck began offering computerised variations of these traditional products and others under two credit insurance policies, both underwritten hy AMA Underwriting Agencies. These are hoth essentially spin-offs from their UK business information datsbase. One of the policies is aimed at companies with insurable turnovar of more than £2m and the other at those failing under that limit

Once the policy is in place the customer can access Infocheck's on-line information system and extract information about buyers. At the end of the information a credit limit is presented and the customer asked to accept or reject it. If the customer accepts it coverage is immediate.

This was initially dismissed by more established players in the market as crude compared with their traditional bespoke approach which depends on the specialist experience of underwriters who consider each customer individually. It is understood, however, that most of the big companies are now considering similar on-line facilities.

Catherine Milton

Braby & Waller

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TRADE CREDIT INSURANCE (1992 %) Export Total NCM Credit Trade Indemnit ECGD 100 100 Size of Market £85m £225m Source: Datamonifor Research

argue, the collapse of the conveyancing monopoly and of the housing market has forced firms to turn to new areas. They have been aided by new computer systems and the relaxation of restrictions of advertising. Indeed, one recent survey showed that lawyers accounted for four-fifths of the advertisements in a trade journal for deht collection services

Mr Kerry McKevitt, a direc-tor of UCMCL, Beaconsfield-

based credit consultants.

regrets that the legislation

does not go further. "It is

unfortunate that it does not

include the statutory require-

ment of all companies to dis-

close both their collection days

and their payment days, to enable direct comparison," he

says. "If, for example, a com-

pany showed it collected its

debts in 45 days there would be little moral justification for

Many small business lohhv-

The hard-nosed attitudes and reducing the size of the marthe stigmatised image of the At the same time, companies industry remain. Call many of the UK's debt collection groups which are owed money have increasingly brought their debt and it is difficult to get past recovery work in-house rather the tenacious operator who than contracting It out. They answers the phone, let alone have turned to other solutions get through to speak to the to outstanding debts such as managing director. factoring. There has also been

"The geoeral reputation in the UK is appalling," says Mr Jan Erik Paulden, group coms sharp increase in competi-Traditionally, solicitors did munications manager at intrum Justitia. "You only have to go to a party and tell not want to be associated with deht recovery. Now, some people what you do and see the

> The negative attitudes are partly a function of the many dcor-to-door collectors around the country, who are often paid on commission and may apply less than scrupulous methods

There are many hundreds of door-to-door collectors operating around the country on commission

to help aid recoveries. There are also the scare stories of knee-cappers with even more ruthless means. "Some probably does go on," says Mr Baber. "Some very large people

certainly come round to our offices from time to time offering their services." New causes for concern include access to sensitive personal data, which the collectors can use to make assess

ments of individuals' and companies' ability to pay. Generally, tha negativity relates to the perceived profits derived from an unpleasant act, of course. Mr Mike Scully, secretary of the Credit Services Association, says: "There is still this negative image. There are people on the fringes but this is quite a sophisticated business. I think we are necessary - evil is too strong a word - but we are necessary, like rat catchers. We are really like doctors faced with the plague. You can't cure all the

Mr Scully says that his assoclation does have the power to

dismiss or reprimand members, although It has never done so. He says he receives about two to three calls of complaint a month, many of which are trivial and many which refer to allegations against firms which are not members. intrum would like to see more government-inspired regulation of the industry. It

helped support the association. and has its own strict code of ethics. It has also embarked on an amhltious marketing campaign with the themes of prompt payment and civility, using the slogan "Pay fair ... please." In common with a number of the larger agencies, many of its staff are women, who are seen to be less con-

One of practitioners' higgest gripes is the slowness of the county court system for pursuing actions to recover debt. That helps explain why it is negotiating with the Lord Chancellor's Office for its members to be able to represent clients directly in court.

The structure and future shape of debt collection is changing fast. Mr Lewis points particularly to the expanding use of technology. His company is about to begin using sophisticated "predictive dial-ling" equipment. This automatically makes telephone calls to those being pursued, and fil-ters out those whose numbers

are unobtainable. He says that leaves his staff far more time to speak to those who are contactable, and estimates that it helps increase the response rate from six to nine calls an hour up to about 35.

Computer equipment is also boosting the ease of issuing summonses through tha Now more advanced soft-

ware is helping in s wide vari-ety of ways including creditrating, gathering information and tracking down people and companies. Clients are able to shift bulk bad deht information rapidly and directly between their own computers and those of the deht collection agencies.

Meanwhile, the debt recoverers are increasingly trying to encourage clients to employ has substantial cash flow advantages and offers a more regular all-In fee rather than a commission-based structure.

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A lot of time and money USING the courts to recover debts is both time-consuming and costly.

There is little point in taking legal action unless the creditor is sure that the dehtor has the necessary funds or assets to meet the debt if the court

Before embarking on court action creditors should sea first whether a solicitor's letter or placing the debt in the hands of a deht collector will produce the desired result.

Actions to recover debt can be brought in the High Court, the county court or under the county court small claims pro-

The rules governing where an action should be started changed in July 1991, to bring more claims within the cheaper, quicker and less formal small claims procedure and to prevent trivial cases clogging up the High Court. The £5,000 upper limit on the jurisdiction of the county court

was abolished and the court given unlimited jurisdiction. The jurisdiction of the small claims court doubled to £1,000. Casea ara now allocated between the High Court and the county courts on a simple formula basis. Cases involving sums up to £25,000 should start in the county court as a matter of courss. Cases between £25,000 and £50,000 should normally start in the county court unless they are complex or involve important questions of law and fact. Cases involving

more than £50,000 should auto-

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"NOT ALL AGENCIES ARE THE SAME"

The High Court also has new powers to transfer cases to the county court either where the case should have started there in the first place or where it feels the case is straightforward enough to be heard at a lower level.

In practice, this means a number of cases involving more than £50,000 will be transferred down to the county court each year. Plaintiffs who attempt to bring an action in the High Court which should have been started in the county court risk having their case struck out

Before these changes a huge volume of debt actions which should have been started in the county court were brought in the High Court. Even in 1991, the last year for which figurea are available, 46 per cent of claims brought in the High Court in London were for amounts below the old county court jurisdiction limit of £5,000. Over 80 per cent of them were debt or return of

goods cases. There were a number of reasons for the popularity of the High Court as opposed to the county court in debt cases: the availability of the quick summary judgment procedure; the perceived efficiency of the High Court enforcement officers compared with county court bailiffs; and the availability of remedies not available in the lower courts.

Along with the jurisdictional

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Tracing

matically start in the High changes, however, the county courts now have powers to make any orders which could have been made by the High Court if the action bad been brought there, although this does not extend to the granting of Anton Piller orders and Mareva Injunctions. (Mareva injunctions are granted to pre-vent the transfer of assets and Anton Piller orders to prevent

Robert Rice on the implications of recovering debts through the courts

destruction of documents.) Creditors who are anxious to prevent debtor companies destroying assets or transferring them abroad to avoid payment, therefore, may still wish

between the High Court and the county courts on a formula basis

Cases are now allocated

to commence their actions in the High Court For all practical purposes, however, the county court has

become the focus for deht actions. Actions are commenced in the county court by issue of a summons and in the High Court by the issue of a writ of Fleri Facias (Fl-Fa). The procedure after a summons or writ is broadly the

same. If the defendant enters a

defence the issue may go to

County court cases involving sums up to £1,000 are dealt with by district judges by way of arbitration under the small claims procedure unless they are legally or factually complex. The arbitrations are informal and do not adhere strictly to conrt procedures. Parties are encouraged to handle small claims by themselves rather than being represented by a lawyer, Legal aid is not available and normally the winning party cannot recover

the cost of legal representation from the loser. Alternatively, the defendant may admit the claim and make an offer of payment. If the creditor accepts the offer, judgment will be entered in his favour. If he rejects it, a "dis-posal hearing" will take place at which the court will set the amount the defendant has to pay, and, if he is ordered to pay by installments, the amount of each installment. If the defendant fails to respond to the summons altogether the creditor can obtain judgment in default without any examination of the merits of his claim. Where at least £10 is out-standing on a county court

debt one month after judgment the debt is recorded on the Register of County Court judgments. Entries can be can-celled when a judgment is set aside or is paid in full within one month. All entries are automatically removed after six years. Entries on the regis-ter can affect a person's ability to get credit in future and act as an incentive to pay off outstanding debts.

Once the plaintiff bas obtained judgment in his favour and the debt has not been paid be has a "judgment debt" and can take immediate steps to enforce ft. There are various methods of

enforcing judgmeets in the county courts. The most com-mon, but one of the least effective, is the "warrant of execuan enforcement officer or bailiff to seize and sell by public auction goods belonging to the debtor. Tools of a trade and essential bousehold items are exempt from seizure. The number of execution warrants continues to rise in spite of evidence suggesting bailiffs rarely recover goods aufficient to cover debts. In 1991 the last year for which figures are available 1.47m execution warrants were issued, an increase of 10 per cent in 1990.

A creditor can obtain a charging order on a debtor's property, for example, his house. If the debtor later sells debtor's employer to deduct a

The High Court's benkruptcy building in London: an address synonymous with fi the property the creditor is set sum from the debtor's salassured of receiving some mooey. The number of applications for charging orders rose from 48,118 in 1990. from 34,970 in 1990 to 45,3672 in

Another common form of enforcement is attachment of earnings which obliges the

JUST TELL YOUR SUPPLIERS I HAVEN'T PHID YOU SO YOU CAN'T PHY THEM, THEY TELL THEIR SUPPLIERS THE SAME AND SO ON. WE'LL ALL SAVE A FORTUNE!



ary. The number of orders made in 1991 rose to 54,508

A Garnisbee order enables money owed to the debtor by a third party (the garnishee). usually s bank or hutlding society, to be held for the benefit of the creditor. The Garnishee order is little used only 6,380 were issued in 1991.

An administration order allows a debtor with multiple debts not exceeding £5,000 and at least one of which must be a judgment debt which he is unable to pay immediately, to apply to discharge all his obligations by making regular payments into court which are distributed among his creditors on a pro rata basis. When such an order has been made creditors are forbidden to take other enforcement measures without the specific authority of the

Administration orders can be made on the application of the debtor, a creditor, or by the court itself. The number

Software plays a powerful new role, explains Claire Gooding

Critical analysis in depth

CREDIT managers are looking for more from their computer services than mere credit scoring in the 1990s. During the recession, they are more likely to need help in assessing which bad debts are most likely to be repaid.

As in every other sphere of business, users are looking for software which allows them to react more efficiently to change, create better control,

and make better decisions. The truth about computers is thay can only make the decisions they are programmed to make. Even the all-seeing Hal in the film epic 2001 was sub-ject to that rule. Another truth is that, however comprehensive and voluminous the data they store, it is only useful as information if it is easily acces-

As an application, credit management has followed the trend of computing in general - mainframes, bureau services, then devolution to the in-house minicomputer and ultimately, the PC. At the same time, the agenda has changed for credit managers. They are looking for better and more responsive control of existing data, often achieved by attaching a PC to feed from mainframe-beld data for sampling and testing.

Further, the trend is to extend the grasp of nsaful information at all points of the credit cycle, not purely for credit scoring, before the loan is made, but later, when things

The last five years have seen growth and innovation in software for credit management. There are now an increasing number of options, in controlling different phases of the credit cycle, and in the hard-ware. PC and otherwise, available to run them. The first scoring techniques

were developed about 20 years

bases made it possible to store System tailored to scorecard statistics on which decisions modelling. Its aim is to help users through the complex business of building the score-card accurately. DSS is written The system evaluates financial and non-financial characteristics of an applicant. in a 4GL, and is PC-based, assigning points according to using graphical user interfaces the answers. The scoring sys-(GUIs) for ease of use. Accordtem is defined by a table, ing to Khoylou, the process of developing a scorecard can cost up to £30,000 using outside For the first 10 years, the mainframe was the only practiresources: for two scorecards, cal option. The main growth of developed with in-house expertise, DSS is not only a cheaper credit scoring systems has been in the last 10 years, parsolution, but more flexible. ticularly among mail order and Extending the credit-scoring

Users are looking for software which allows them to react more efficiently to change

retailing users. Fair Isaac have been joined by other dominant suppliers, CCN, MDS and Mathtec, in installing credit-scoring systems in UK banks, finance companies and other creditors, particularly in the last five years. Bureau services are available from Equifix, Scorex, and Infolink

ago, pioneered by Fair Isaac

and Co. Computerised data-

derived from past experience.

about credit are based.

Now, power has come to the desktop for computer users in credit management. At first sight, this is an application which needs more than PC power, because of the volume of data involved, a problem overcome by linking to the mainframe. Combined with the flexibility of fourth generation languages (4GLs), they offer speed of reaction, because 4GLs can be used to develop speedy prototypes and one-off experiments, and an ability to

check and "own" the data. "Bureaux always bave problems in making the data flexi-ble," comments Jalai Khoylou of Paragon Business Solutions, based in West London. "There is always some hassle with the format." Paragon, founded by

principle to deht recovery, SSI Nynex developed its Debt Recovery System, now used, inter alia, in Marks & Speccer Financial Services, Girobank, and Diners Club. According to Andy Swain, an account manager in debt recovery working for the London-based distribu-tor of the software, AST, the time has come for a more constructive role for computer services than purely the timing and administration of litiga-tion. "What we offer is a broader view of debt recovery. For as many as 250,000 accounts, lenders are having to pay beavy fees trying to recover bad debts, through atructured payments or through outside debt collec-tors. With our system, we can select the people most likely to pay by assessing the age, bal-ance, and other criteria."

The two advantages of using the system are, he suggests, in speed of reaction, and in estab-lishing the recoverability of debts. This is particularly important in deciding which accounts to take to legislation.

two ex-infolink employees, has and which to allocate to developed a Decision Support agents. "It's easier to control and monitor. The better selection and targeting of accounts makes for improved cost per pound recovered." The problem of bad debts

plagues smaller companies as well as the large institutional lenders. For the smaller companies, PC solutions are becoming available to collect and control cash, and monitor debtors. C2 is a credit management package from ACS, based in Rochester, providing daily reminders and automatic documentation for deht recovery. **Business Information Techno**logical Systems, of Ripon, North Yorks, provides a Credit Cbeck database, updated weekly by disk, which keeps a regular check on the credit-worthiness of customers, suppliers, subcontractors, competitors, or prospects, covering companies of all sizes.

Personal experience - the gut feel to distinguish between one who constantly lives in the red and another who will not be so much as a day late pay-ing the hill - is not so easy to encapsulate as hard facts. Nevertheless, credit manage-

ment has often been held up as

an example of innovative use of so-called "expert systems". in which human experience is distilled in systems which aid decision-making, and can even automate some of the processes of screening. Theae systems are based on a mixture of human "gut feel" experience and statistical evidence. Nevertheless, they can never make the decisions, they can only present a statistical "likelihood" in any given situation. As with any area of computing, there is no such thing as the ultimate answer. What there is, bowever, is an increasing potential for flexible

If the debtor cannot meet his debts in three years a composition order is made reducing the overall level of debt be is expected to pay. These changes bave not yet come into force.

A large number of oral examinations designed to help creditors find the most appropriate method of enforcing a judgment are held in the county court each year. Although the oral examination is not a method of enforcement, the fact that a dehtor is ordered to attend court to provide details of income, expenditure, employment and bank accounts often results in the debt being paid. Applications for oral examinations increased by 15 per cent in 1991 to 122,084

Methods of enforcement in the High Court include charging orders and Garnishee orders and the appointment of a receiver to manage the judgment debtor's property to protect the creditor's interest in it. If all this fails, a person or company with dehts he is unable to meet is "bankrupt" or "insolveot". Creditors may issue a petition for bankruptcy against individual debtors either in a designated county court but more normally in the Chancery Division of the High

Court. Creditors may also petition for the winding-up of an insolvent company. There is a restriction on proceedings which may be started in the county court hased on the paid-up capital of the company to be wound-up. Most winding-up proceedings are brought in the High Court.

If no action is taken to recover s deht for six years it becomes statute barred and no action can be taken.

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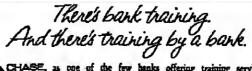


FACTORING IN THE UK 1993

a compreheasive report and guide to the UK credit factoring industry PACTORING IN THE UK 1992 is an objective in-dopth analysis of the UK factoring industry covering all functs of monthsides finance. It is executed months for factoring executives and all those involved or interested is commercial finance.

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GOLD TUMBLED through the bottom of its recent trading range on the London bullion market yesterday. It was fixed at consecutive seven-year lows of \$327.20 a troy ounce in the morning and \$326.95 in the afternoon, before closing at \$326.45, a fall of 70 cents on the

The fall in London followed presoure on the New York Commodity Exchange (Comex) futures market from US commodity fund sales on Monday. The Comex April contract, which held above \$327 am ouuce on Monday, went to \$326.60 in early trading yester-

day. Ms Rhons O'Connell, analyst

at Williams de Broe, said the fall was heralded last week by the decline of the commercial rand to 3.19 against tha US dollar. At \$328 an ounce, South African producers were able to cell their gold forward at R1,050 a troy ounce, giving them a healthy profit.

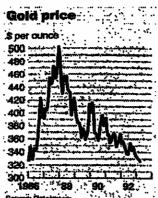
Analysts in London yesterday pointed out that there is little apart from Far Eastern demand to support the gold price. "There is a total lack of interest. People have other games to play," said Mr Euan Worthington of S.G. Warburg, pointing out that inflation was no longer a factor in investment decisions, and that the US otock market is moving

strongly ahead.
"We are in a situation where

investment instrument in the Western World," said Mr Law-rence Eagles of GNI, the London futures brokers. "It is now used just for jewellery."

China has emerged as tha main supportive factor for the gold market - a report last month from Amarican Precious Metals Advisors of the US suggested that the country absorbed 800 tonnes (26m troy ounces) last year. This more than offset the 650 tonnes sold by central banks, including 400 tonnes by the Dutch.

However, the threat of further central bank sales continues to hang over the bullion market. In addition producers have been able to lock in profits by forward selling as their



currencies bave weakened

against the dollar. Gold bas now broken through the bottom of its recent range of \$327 to \$332 a troy ounce, and many analysts expect further falls. "Technically it is looking very very bad," said Mr Eagles, who expected the price to fall rapidly if \$325 was breached, possibly going below \$300 by the and of the year.

Cautious optimism on diamond prospects

By Philip Gawith in

DE BEERS, the company that dominates diamond sales, yesterday gave a cantiously upbeat view of the health of the industry, despite the weakness of the world economy.

Speaking yesterday at tha announcement of the compa-ny's annual results in Johanneshurg, Mr Julian Ogilvie "The Central Selling Organisa-tion (the De Beers controlled group that sells 80 per cent of the world'e rough diamonds) restricted its sales in the latter part of 1992 and the balance between rough supply and demand in the cutting centres

has been restored."
Mr Ogilvie Thompson confirmed market talk thet sales at the first two sights - the rough diamond auctions that take place ten times a year had been "very good", but put this down to exceptional factors - the scarcity of diamonds from Angola, a hiatus in supply of Russian polished diamonds following imposition of a 20 per cent export duty

and high demand from India.

Directors of De Beers also otressed yesterday that diamond jewellery sales had held up very well in a recessionary climate. Mr Jeremy Pudney, a director of the CSO, said the volume of jewellery pieces sold, and the overall value of sales, had been very similar in 1992 to 1991. He said sales, by value, had grown by about 4 per cent in the US, 9 per cent in Germany and 6 per cent in France. Japanese sales fell by about 5 per cent in dollar terms, with sales in Italy and the UK also elightly down. Mr Gary Raife, a De Beers

director, gave a positive account of relations between De Beers and the Russian industry. He confirmed that Russia was ablding by quota requirements, noting that their production had fallen by 25 per cent in 1992, with a further 15 per cent decline expected in 1993.

uge" of Russian polished diamonds on to the market if, as expected, the 20 per cent duty on diamond exports was lifted. He sald their stockpile was estimated at np to \$1hn. He Russians had not, in recent years, undermined prices in this market as they had done

hy Russia outside the CSO was "niggle" and not something that could affect the general balance of the market.

Bomb teaches NY exchanges the value of co-operation This week, air conditioning

By Laurie Morse in Chicago

ROUGH ESTIMATES of the cost of keeping New York's five commodities exchanges operating during the week after the World Trade Center bomb blast fall near \$1m, with most of the money spent on emergency services such as fire patrols and auxiliary cooling equipment.
The cost, exchange execu-

tives say, has been minor, com-pared with the importance of keeping the markets open. The exchanges include the New York Mercantile Exchange. where most of the world's oil is priced, the New York Commodity Exchange, am important metals market, the New York Cotton Exchange, the Coffee Sngar and Cocoa Exchange. and the tiny New York Futures Exchange, a subsidiary of the

New York Stock Exchange. Thesa markats provide worldwide price quotes for a variety of strategic commodities. "We had to stay open, says Mr Lou Guttman, the Nymex chairman. "There was a lot of money riding on this. If we had closed down for two weeks, I would have had to tell

a lot of guys to go home and not come back. There wouldn't have been a market to come back to." At the exchanges, which

share a trading floor in a WTC building not directly hit by the blast, the week following the bombing was marked by herolcs. Traders and support staff laboured without heat or air conditioning amid repeated crank bomb threats and the overhanging threat of power loss. Technicians at one point hrought in dry ice to cool exchange computers; and the Nymex and the Chicago Mercantile Exchange worked out a pact for emergency price reporting, in case Nymex'o tickers failed.

Despite the difficulties, traders managed to squeeze a lot of business into half-day sessions. Volume at the Coffee Sngar and Cocoa Exchange was actually higher than in the same week in 1992, and the giant Nymex traded only about 20 per cent fewer contracts. Volumes at the Comex and the Cotton Exchange were down about 40 per cent for the week. and the Nyfe turned about 15 per cent fewer trades.

has been restored and most trading hours have returned to normal, with the exception of earlier closings for the Nymex and a half-session for Comer's Eurotop 100 futures.

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The atmosphere at the Com-modity Exchange Center is far from normal, however. Nymex oil traders, reminded of their vulnerability to terrorism, have sought additional secnrity. Bomb-sniffing dogs now roam the trading floor, armed guards patrol the lobbies and packages are examined by airport-style x-ray machines.

The crisis, it seems, brought an unaxpected benefit: exchange axecutives say it forced co-operation between the five normally fractious exchanges. "We were actually working together," said the Nymex's Mr Guttman.

The bombing has also set off a scramble for "shadow" trading floors. The Nyfe is refitting its old space at the New York Stock Exchange for emergencies and Nymex, which plans to move to new quarters in Manhattan in the second quarter of 1994, may keep its WTC space as a back-up.

Norwegian oil find put at 440m barrels

By Karen Fossii in Oslo

NORWAY HAS announced its higgest oil discovery in eight years, made in the remote northern region of the Norwegian Sea where relatively limited exploration has been

The find is likely to encourage industry interest in exploration in the region, particularly when awards for acreage in the country's 14th licensing round are announced later this

Statoil, the Norwegian state oil company, which made the discovery, believes it could be higger than the find recently made by British Petroleum west of the Shetland Isles, which is estimated to contain 250m to 500m harrels of oil.

"We are very excited by the promise of the discovery and e working hard to enable the field to be developed. The discovery increases the faith we have in the future of the Norwegian continental shelf," said cubic metres, or 440m barrels.

By Kunal Bose in Calcutta

IN A dramatic policy U-turn,

the Indian federal government

has decided to allow private

sector participation in the exploration for and mining of

13 minerals hitherto reserved

to public sector operations.

The minerals are iron ore,

manganese, chrome, sulphur,

gold, diamond, copper, lead,

zinc, molybdenum, tuogsteo,

nickel and the platinum group.

public and private sector min-

ing companies will be allowed



Mr Joban Nic Void, group executive vice-president. Statoil's preliminary estimate of the new oil reserves is 70m

basis. But the government will

be ready to sanction higher for-

eign capital participation

depending on the merits of

each case. However, mineral

and metal processing units with any level of foreign equity

will now be allowed to develop

captive mines (mines tied to

While the new national min-

eral policy is part of India's

economic reform programme,

it is also a response to the need

and funds to develop "world

metal processors).

drilled in the north-western part of the structure where Statoil believes reserves could be boosted substantially. The field also contains about 10hn cu m of gas, which could be reinjected into the reservoir during the early stages of pro-

A third well is planned to be

Ms Wenche Skorge, a Statoil spokeswoman, said hecause the discovery is situated in 400 metres of water, which is considered very deep by industry standards, an integrated float-ing production platform is likely to be one of the main solutions to be etudied for the development of the as yet unnamed field.

Statoil intends to lodge a plan for development of the field in 1994 and to bring it on stream in 1998, industry analysts snggest development costs could he between NKr20hn and NKr25bn (£1.95bn and £2.45bn), depending on the chosen scheme.

The field is about 85 km (53

india has had success in

recent years in discovering

oew mineral deposits through

modern exploration tech-

niques, but the public sector,

in many cases, could not mobi-

lise resources to develop

mines. For example, Hindustan

Copper, India's only copper

producer, was forced to post-

pone the development of

Malanjkhand underground cop-

per ore mine with estimated

reserve of 275m tonnes because

Things may now look up for

public sector undertakings.

According to Mr Balram Singh

COCOA - London FOX

of lack of finance.

grade mines to produce miner-als at internationally competi-public sector undertakings.

miles) north-east of the NKr24hn Heidrun field, at present being developed by Conoco Norway to come on stream in the third quarter of 1995. Heidrun contains 750m barrels of oil. Ms Skorge said the new field could be the size of Heidrun, but at any rate it is the largest discovery on the Norwegian continental shelf since Heidrun was found in 1985.

The Norwegian Petroleum Directorate's provisional reserves estimate of the field is 50m cu m. or about 315m harrels of oil, but Statoil says the NPD's estimate is far too conservative. The NPD says several wells will have to be drilled hefore reserves can be

estimated with certainty. The partners in the field include Statoil, with a 50 per cent staka of which 25 per cent is the Norwegian state's direct interest; Norsk Hydro and Saga Petroleum, each with 15 per cent, and Norsk Agip and Enterprise Oil Norge each with with 10 per cent.

mines, the government has

received a good number of

enquiries for mineral explora-

tion from leading mining com-

panies in the US, Australia, South Africa and Canada,

The government is hoping

that joint ventures with for-

eign companies as partners

will focus on the exploitation

of those minerals in which the

country is deficient or it does

not have exportable surpluses.

An objective of the new policy

is to promote the export of

Indian minerals with as much

1900 1950 2000

value added as possible.

India opens door to private mining investors Yadav, minister of state for

> Mr Ralfe predicted a "delstressed, however, that the with other commodities.

The sale of rough diamonds free market, drummed molyb-

Irish meat output set to reach record

By Tim Coone in Dublin

IRISH MEAT output is likely to hit record levels during 1993, thanks to continuing growth in the country's cattle, sbeep and pig herds.

According to figures released by the Irish Livestock and Meat Board this week, the breeding herds for all three livestock sectors now stand at their highest levels on record. Based on census data from last December, the size of Irish herd of breeding cows is now put at 2.17m head; of breeding

ewes at 4.8m; and of hreeding sows and gilts at 170,000. The overall total for the cattle herd masks diverging

trends for the dairy and suckler cow (beef) herds. Dairy cow numbers fell by 2 per cent to 1.26m head, while suckler cow numbers grew by 17 per cent to 912,000 head. This, says the CBF, is because of farmers responding to reforms of the European Community's common agricultural policy hy building their suckler herds. The capping of ewe premi-ums at 1991 levels under the

new CAP reforms means that the sheep breeding flock is unlikely to grow further this year, says the CBF, while it notes that the rise in the pig breeding herd hy 30 per cent since late 1989 makes "the Irish herd one of the fastest growing

in Europe". On the basis of these figures the CBF estimates that cattle supplies in 1993 will be "somewhat over 1.9m head", sheep supplies will increase by 3 per cent to some 4.8m head while total pig slaughterings "could exceed 3.3m head".

MINOR METALS PRICES

Prices from Metal Bulletin Clast week's in hrackets).

ANTIMONY: European free market 99,6 per cent, \$ per tonne, in warehouse, 1,620-1,680 (1,635-1,690).

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse. 2 20-2.40 (same).

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 0.35-0.45. COBALT: Enropean free market, 99.5 per cent, \$ per lb. in warehouse, 15,85-16,50 (15,65-

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse

120-140 (same) MOLYBDENUM: European

Total daily turnover 27,004 lots

dic oxide, \$ per lb Mo, in ware-

house, 2.00-2.10 (same). SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 4.70-5.40. TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO₁, cif, 33-44 (same).

VANADIUM: European free market, min. 98 per cent. \$ a lb V₂O₅, cif. 1.60-1.70 (same). URANIUM: Nuexco exchange value, \$ per lb, U3O8, 7.60 (7.65).

LINE WAREHOUSE STOCKS

Latest Previous High/Low

58.75

58.09

58.20

(As at Monday's tonnes	s close)	
Aluminium	+5,275	to 1,677,00
Copper	+4,175	to 338,950
Lead	+1,000	to 235, 160
Nickel	-512	10 B4,882
Zinc	+3.450	to 574,075
Ties	-70	No. 10 206

Cuban sugar situation 'tense'

THE SITUATION of Cuba's 1992-1993 sugar crop is "tense" and harvesting and milling are being carried out with less than 20 per cent of the resources used in past harvests, according to official newspaper Granma, reports Reuter from Havana.

Granma, the mouthpiece of the ruling Communist Party, said there were accumulated delays in harvesting and milling more than three months after the start of the current campaign.

"A clear example of the harsh reality heing faced is that there are still some mills which have not yet started milling," the newspaper added.

MARKET REPORT

50 per ceot foreign equity par-ticipation on an automatic tive rates".

Under the new order, Indian to introduce foreign technology

A steadier undertone prevailed on the LME. Dealers said the generally steady trend seen in COPPER halped other matals, although significant upward breaks wera unlikely. Three-month copper was rejuctant to test the hand of resistance above \$2,170 a tonne. Although some traders reported Chinese buying, most lelt that China had been a small-scale seller recently, so the market was axpected to re-test downside support. Three-month huliding on tha move above \$6,050. A fall in LME stocks,

London Markets

SPOT MARKETS		
Crude of (per barrel FOS)(Apr)	+ or -
Oubat Brant Blend (dated) Srent Blend (Apr) W.T.I 1 pm est)	\$19.65-6.75 019.15-9.19 \$19.10-9.14 \$20.69-0.73	+.010 -0.07 -0.02 + 0.09
Oil products (NWE prompt delivery per	tonne CIF	+ or -
Premium Gasoline Gas Oll Heavy Fuel Oil Naphtha <i>Petroleum Argus Estima</i> les	\$197-200 \$176-178 \$76-77 \$172-174	+ 1 -1.5 -0.50
Other		F or -
Gold (per troy oz) 4 Silver (per troy oz) 4 Platinum (per troy oz) Pelladium (per troy oz)	\$326.45 356.5c \$344.75 \$103.75	-0.7 -0.5 +2.0 -0.6
Copper (US Producer) Load (US Producer) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prime Western)	99.50c 33.5c 14.82r 262.0c 62.0c	-0.5
Cattle Ilive weight? Shoop (live weight)† 4 Pigs (live weight)?	135.31p 118.30p 85.62p	+ 2.63° -1.81° + 3.53°
London dally sugar (raw) London dally sugar (white) 7ate and Lyle export price		-2 -1
Barley (English feed) Melze (US No. 3 yellow) Wheat (US Dark Northern)	Unq £169.0 Unq	
Rubber (Apr)♥ Rubber (May)♥ Rubber (KI, RSS No 1 Feb)	63.50p 64.00p 221.5m	-0.5 -0.5 -2
Coconut oil (Philippines)§ Palm Oil (Maleysian)§ Copra (Philippines)§	\$445.0y \$405z \$280.0	-5
Soyebeans (USI Cotton "A" index Wooftops (64s Super)	£180.5u 91.35c 397p	-2 -0.3
£ a tonne uniess otherwise c-cents/lb. r-ringgit/kg. y-/ <-Aug w-Feb/Mer z-Mer 5GIF Rotterdam. ♣ 9ullion	Apr/May U-N ♥Landon p	ter/Apr. hysical.

Pacific Matais' decision to sustain its production cut to June, and talk of scrap shortages and Russian shipments talling off In Europe were supportive. London COFFEE and COCOA wound up quietly after a day when tha main markat features were lalhargy and apathy, traders sald. in Chicago SOYABEANS moved higher early amid fund huying as rumours circulated that saveral US banks had

SUGAR	- Loud	on FOX	(\$ per tonne
New .	Close	Previous	High/Low
Way	223.00	223.00	222.60
lug	227.00	227.00	226.00
Thite	Close	Previous	High/Low
lay	274.40	274.50	275.50 272.50
Dan	278.00	278.00	279.00 277.00
let	254.00	255. <i>5</i> 0	265.50 254.00
ec	254.00	253.70	254.00
LET	253.00	253.50	258.00
hite 18 lay 156	7.66 Aug	Paris- Wh 1913.35	of 50 tonnes. its (FFr per tonne)
RUDE	OIL ~ H		S/barre
	Lates		
pr fav	19, 12 19, 14		19.21 19.04
un un	19.20		19.22 19.00 10.22 19.10
ul	19.15		19.17 19.12
uq	19.20		19.21 19.14
ор	19.17		19.17
ov	19.19		19.19
™E Inde	x 19.20	19.49	
	r 17228 (4	10073)	
umove	r 17228 (* L – IPE	(0073)	\$/tonna
umove		Previous	\$/tonna
urnove AS OII	L - FPE Close 175.50	Previous	High/Low 176.00 174.25
AS Officer	L - IPE Close 175.50 175.00	Previous 175.00 174.75	High/Low 176.00 174.25 176.00 174.25
AS Officer	Close 175.50 175.00 175.00	Previous 175.00 174.75 175.00	High/Low 178.00 174.25 176.00 174.25 175.50 174.00
AS Officer	Close 175.50 175.00 175.00 174.76	Previous 175.00 174.75 175.00 175.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.00 175.50 174.25
AS OII	Close 175.50 175.00 175.00	Previous 175.00 174.75 175.00	High/Low 178.00 174.25 178.00 174.25 175.50 174.00 175.50 174.25 176.00 175.25 177.50 177.25
IAS OII	Close 175.50 175.00 175.00 174.76 176.00 178.00 179.50	Previous 175.00 174.75 175.00 175.00 176.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.00 175.50 174.25 176.00 175.25 176.25 178.25
AS OII	Close 175.50 175.00 175.00 174.76 176.00 178.00 179.50 182.00	Previous 175.00 174.75 175.00 175.00 176.00 178.28	High/Low 176.00 174.25 176.00 174.25 175.50 174.00 175.50 174.25 176.00 175.25 177.50 177.25 178.25 178.25 182.50 181.00
LAS OII	Close 175.50 175.00 175.00 174.76 176.00 178.00 179.50	Previous 175.00 174.75 175.00 175.00 176.00	High/Low 176.00 174.25 176.00 174.25 175.50 174.00 175.50 174.25 176.00 175.25 176.25 178.25
Lar Oli lar pr lay lun un un un un un un	Close 175.50 175.00 175.00 174.76 178.00 178.00 178.50 182.00 163.70	Previous 175.00 174.75 175.00 175.00 176.00 178.25	High/Low 176.00 174.25 176.00 174.25 175.50 174.00 175.50 174.25 176.00 175.25 177.50 177.25 178.25 178.25 182.50 181.00

Close 704 691 716 702 727 715 739 729 700 746 775 707 787 778 707 714 725 737 757 776 789 804 818 844 708 718 731 751 769 763 796 S12 835 Ternover: 3577 (3414) lots of 10 tonnes ICCO Indicator prices (30Rs per tonne price for Mar 9 711.03 (702.80) 10 day for Mar 0 232 72 (235.71) price for Mar 9 711.03 (re for Mar 0 732,72 (735.71) COFFEE - London POX

on	ened c	redit lie	es to Russia.	Mar	978	964	978 962	
JP.	J.ICU C	Tour III	oo w riussia.	May	820	932	938 924	
				Jul	896	800	905 890	
Con	poiled	from Re	euters	Sep	905	907	912 900	
			,-:-	Nov	S14	S12	920 611	
245	- Load		***************************************	Jan	925	922	928 923	
AAN	- LOSO	on FUX	(\$ per tonne)	Turnov	er:2140 (9	67) lots of (1 tonoes	
'	Close	Previous	High/Low	ICO In	dicator pr	toes (US c	ents per po	und) for
,	223.00	223.00	222.60	57.45 (I		nià agrae fac	reil is only	EAST #30
	227.00	227.00	226.00	ar.43 (Ot .04)			
te	Close	Previous	High/Low	POTAT	TOKS - I	ouden FOI		£/tonne
,	274.40	274.50	275.50 272.50		Close	Previose	High/Low	
	278.00	278.00	279.00 277.00					
	254.00	255.50	266.50 254.00	Apr	39.3	40.0	40.0 39.1	
	254.00	253.70	254.00	May	41.0		42.0 41.S	
	253.00	253.50	258.00	Apr	94.0		94.5 93.0	
to 14	106 (1652)	Paris- Wh	of 50 tonnes. ite (FFr per tonne):	Turnov	er 91 (9)	lots of 20 to	mes.	
	7.66 Aug				SEAL - 1	London FO	×	£/tonne
ДŒ	OIL ~ H		S/barrel		Close	Previous	High/Low	
	Lates			Jun Aug	141.00 142.00		141.00	
	19, 12		19.21 19.04	<u> </u>				
,	19.14 19.20		19.22 19.00	Turnov	er 20 (0) I	lots of 20 to	mas.	
	19.20		10.22 19.10 19.17 19.12					
	19.75		19.17 19.12 19.21 19.14		WT - 1-	den FOX	\$10/fee	lex point
	19.17		19.17					Max house
	19.19)	19.19		Close	Previous	High/Low	
Inde				Mar	1410	1410	1410 1410	
KOVE	r 17228 (4	40073)		Apr	1420 1380	1409 1370	1420 1409 1380 1365	
				Jul	1212	1210	1212 1210	
	. – PE		\$/tonne		1860	1352	1355 1350	
-				961	1394	1388		
	Close	Previous	High/Low		er 202 (15			
	175.50	175.00	176.00 174.25	,	a ac (=	~,		
	175.00	174.75	176.00 174.25					
•	175.00	175.00	175.50 174.00	CHAR	S - Lone	on POX		£/tonne
	174.76 176.00	175.00 176.00	175.50 174.25 176.00 175.25	Wheat	Close	Previous	HBgh/L?₩	
	176.00	178.25	177.50 177.25	Mar	143.25	144.50	143.25 143	26
	179:50		178.25 179.25	May	145.10	145.50	145.25 144	
	182.00		182.50 181.00	Jun	140.25	147.00	148.25 148	
	163.70	183.00	184.25 183.50	Nov	110.75	110.75	110,75 110	
	r 19100 /	196121 Inte	of 100 tonnes	Jan	113.50		113.65 113	.50
~			4. 120 MILION	Mar	116.10		116.25 116	10
πE				Berley	Close	Previous	High/Low	
an	d F Out	ndes; B70	US\$355, BWC	Sep	106.30 109.25	106.00 109.50	186,50 106 109,25	25
			D US\$340. C and 0, BWC US\$340,					
ו סו	/SE315, E	WD US\$31				215 (144), (100 Tonnes	Berley 29 (6	ጣ.
VER	POOL-	Spot and	shipment sales	Dige -	London	POX /C/	sh Settleme	mil o/ka
moul	sted to 23	8 tonnes fo	r the week ended	FIGS	Close	Previous	High/Low	
neugi Silven	TOTAL COMM	Parec With	396 tonnes the officials did not					
			upport was forth-	Apr	116.3	116.7	116.8 116.0	
			ist styles notably	May	116.3	116.0	116.5 116.0	
		d Cameros		Jun	113.5	113.0	113.0 112.0	1
p.c	CJ.W. an		ni langue	Тигноч	ar:50 (42)	lots of 3,29	C kg	

WORLD COMMODITIES PRICES E/tonne LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading) AM Official Kerb close Open Interest frium, 99.7% purity (\$ per tonne) 1158.5-59 1182/1179.5 1179.5-80

Copper, G	() A ODG	: per t	onne)					Total dai	iy turnov	er 37,450 lots
Cash	1492-93		1478		1483/1462	! 1	483-83.5			
3 months	1516-17		1503	-03 0	1017/1506	L5 1	505.5-06	15 13-14	1	57,206 lots
Leed (£ pe	r tonne)							Total da	illy turno	ver 2,213 lots
Cash		9.0	202	. 04.0			89-90			
3 months	287.5-8 297-97.		293-	5-84.0 93.5	299.5/294		29.5-300	298.5-99		9,792 lots
			200	30.0	200.3204		M-2-200			
Mickel (\$ p								Total da	iliy kumo	ver & 196 lcts
Cash	6020-30		5970		6015		019-20			
3 months	6086-90	l	6030	-40	6090/6040		075-80	6065-70	4	1,732 lots
Tin (\$ per l	lonnol							Total da	iiv turno	ver 1,928 lots
	_		5700		coor	_	000.05		ny terme	
Cash 3 months	5665-75 5730-35		5660 5720		5665 5740/5710		860-65			000 1-4-
					3/40/3/10		725-30	5745-60		930 lots
Zhoc, Spec	ial High	Grade	(2 be:	tonnei				Total da	ily tumo	ver 6,598 lots
Cash .	1003.54	04.5	996.9	97.5	997.5	9	97-97.B			
3 months	1022-22	20	1015	- 10	1025/1019	1	016-16.5	1021-22	7	1,361 lots
LIME Clock	27.20	aler.								
SPOT: 1.43			S eten	ths: 1,42	60	0.	nonths: 1.4	1203	8	onths: 1.4144
			0 1	DIG: 174E						101 Marie 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
LONDON		N MA	RKET			24.	w Y	/ - -		
(Prices sur				child)		244	SW I	OFK		
Gold (troy							100			
	\$ pri	Ce		equive 3	Jent	GOL	J 100 troy	oz.; \$/troy o	1Z.	
Close	325.3	0-326.0	60				Çlasa	Provious	High/Lo	7W
Opening	327.1	0-327.0	00						-	
Morning ft				226.750		Mar	326.6	327.1	0	0
Allemoon				227.615		Apr	327.2	327.7	326.2	326.6
Day's high	327.3	0-327.0	50			May	327.8	328.3	0	0
Day's low	326.2	9-326.0	90			Jun	328.4	326.9	329.4	327.7
Loco Ldn 1	Heen G	41-	-	Dates N	- 1994a	Aug	329.8	330.3	330.0	329.2
COCO CON I			mang	uman fa		Oct	331.3	331.B	331.4	331.4
1 month		.71	8 mo		2.46	Dec	332.8	335.2	333.5	381.7
2 months		.00	12 m	onths	2.49	Feb	334.4	334.7	334.5	335.9
3 months	2	5 1				===				
Silver fix	p/tro	V 07		US cts e	autv	PLAI	MACHE DO B	roy az, \$/tro	ny oz.	
					quit		Close	Frevious	High/Lo	
Spot	246.9			358.00		_	_		•	
3 months	250,4			358.75		Apr	345.1	342.2	345.5	343.5
0 months	253.9			381.60		Jul	343.9	340.7	344.5	343.0
12 months	200.1	u	•	356,10		Oct	342.7	339.2	342.7	342.0
						Jan	341.2	337.7	339.5	339.5
COLTD CO	NS					911 15	B 5 (000 to	oy oz; cente	illene e-	
	5 0	rice		viupe 3	elen)	341.71	an 0,000 tr	UY UZ, CEINE	DU OY OZ.	
				_			Glose	Previous	High/Lo	W .
Krugerrand		.00-330		226 00-2	28.00		365.7		OFF C	2545
Maple leaf		25-33				Mar		353.6	355.5	354.5
New Sover	eign 78.0	00-81.0	10	54.00-56	L00	Apr	356.7	354.7	0	0
						Mary	357.8	365.6	358.0	358.5
TRADED (PTION	3				Jul	360.2	358.2	860.5	350.0
			واله		uts	Sep	362.7	360.7	363.5	362.5
<u> Alambium</u>	 -					Dec	386.3	364.3 364,7	367.0	365.0
Strike price	S tonne	э Арг	Jul	Apr	Jul		386,7		0	0
1125		47	75	3	0	Mar	370.0	368.0	0	0
1150		27	56	Š	27	May	372.8	370.6	0	0
1175		12	41	10	õ	HIGH	GRADE C	OPPER 25,0	00 lbs: e	onts/lbs
	-d- 41		ells			_	Close	Previous	<u> </u>	
Copper (Gr	=00 V)	Ç			uts				High/Lo	
2100		91	94	9	24	Mar	94.60	95.05	95.78	94.00
2100		29	63	27	43	Apr	94.86	95.30	95.45	94.75
2200		10	40	00	69	May	95.25	95.78	96.30	95.15
						Jun	95.60	96.05	96.40	96.40
Coffee		May	Jul	May	Jul	Jul Aug	95.05 98,40	96.40 20.75	97.00	96.00 0
900			51		00	Sep	96.80	97.10	97.70	97.36
900 960		54 29	33	26 53	37					
1000		15	22	80	126	CRUE	E OIL (LIG	hi) 42,000 t	IS galts \$	Poerrel
							Latesz	Previous	High/Lo	
Cocca		May	Jul	May	Jul	-				
725		16	38	23	44	Apr	20.66	20.71	20.77	20.58
750		9	29	51	80	May	20.75	20.80	20.84	20.67
775		5	22	72	78	Jun Jul	20.78	20.83	20.86	20.71
			_			Aug	20.78 20.77	20.83	20.87	20.73
Brent Crud		And	May	Ann	May	Sep	20.77	20.82 20.81	20.84	20.73
		Apr		Apr		Oct	20.77	20.80	20.82	20.74 20.77
1900		20	48	14	42	Nov	20.74	20.70	20.77 20.74	20.77
1950		4		49	69	Dec	20.74	20.77	20.74	20.78
2000		2	15	95	107	Jan	20.71	20.74	20,74	20.74

May	57.35	57.36	57.80	57.10
Jun	56.70	58.70	56.95	56.68
Jul	56.70	58.82	56.90	56.00
Aug	57.30	57.42	57.50	57.30
Sep	58.80	68.42	58.60	58.35
Oct	59.30	59.42	69.35	59.30
Nov	60.00	60.27	80.40	60.00
Dec	S1.00	01.12	61.20	01.00
Jan	91.35	01.57	61.50	01.35
COC	DA 10 torw	168;5/1001710	13	
	Close	Previous	High/Lov	
Mar May	860 878	870 882	860	842
Jul	905	918	888 015	875 9 00
Sep	928	944	938	928
Dec	959	975	972	963
Mar	982	1008	1005	995
May	1014	1030	0	0
Jul Sep	1035 1083	1091 1079	0	0
Dec	1088	1104	0	0
COFF	ਦ ह "C" 37	,500lbs; ce	nts/fbs	
	Close	Previous	High/Low	
Mar May	60.50 63.78	01.50 63.30	01.35 64.00	60,00
Jul	65.66	65.30	65.75	84.65
Sep	37.25	67.15	67.30	88.45
Dec	89.70	70.10	70.10	68.95
Mar	72.25	72.50	72.75	71.00
May	74.15	74.50	74.00	73.25
SUGA	Close	Previous	200 lbs; cen High/Low	
May	9.88	10.01	10.09	0.87
Jul	10.08	10.14	10.23	10.07
Oct	9.35	9.40	9.50	9.34
Mar	9.02	9.00	9.15	S.02
May Jul	9.08	9.05 9.05	9.03 0	9.03 0
	_	cents/lbs		<u>. </u>
	Close	Previous	High/Low	
Mar	62.75	62.00	82.90	62.00
May Jul	82.90 63.88	62.23 63.28	63.00	62.30
Oct	63.25	62.98	64.00 63.40	63.40
Dec	62.05	91.75	62.1S	.01.80
Mar	62.50	62.50	0	0
May Jul	63.00 63.60	63.65	0	0
		16,000 lbs;		0
	Close	Previous	High/Low	-
Mar	74.85	79.25	80.10	74.50
May	77.20	81.65	82.90	77.00
Jul Sam	80.40 83.00	84.45	86.75	80.30
Sep Nov	85.50	87.20 88.50	87.78 89.50	83.00
Jan .	88.00	90.96	92.50	85.50 85.00
	89.00	92.05	93.50	91.00
Mar	60.00	92.05	0	0
Mar May	89.00 89.00	62 OF		0
Mar May Jul	89.00	62.05		
Mar May Jul	89.00 ACIES			
Mar May Jul	89.00 ICES TTERS (9		mbur 10 1	931 =
Mar May Jul REL	HCRS (9			
Mar May Jul REL 100	69.00 FTERS (9 Mar.9 1763.2	Mar.8 1760.2	mbur 10 1 mnth ago 1736.9	97 ago
Mar May Jul REL 100	MCES TTERS (9 1763.2 F JOHES (Mar.8 1760.2 Base: Dec.	mbur 10 1 mnth ago 1736.9	уг ярс 1809.7 100)
Mar May Jul REL 100	69.00 FTERS (9 Mar.9 1763.2	Mar.8 1760.2	mbur 10 1 mnth ago 1736.9	уг ярс 1809.7 100)

HEATING OIL 42,000 US galis, cents/US galis Chicago SOYABEANS 5,000 bu min; cents/60ib bushel Previous High/Low 574/0 577/2 582/4 585/0 585/4 591/6 699/0 906/4 573/4 576/2 561/0 683/6 684/4 590/4 597/2 605/0 Mar May Jul Aug Sep Nov Jan Mar SOYABEAN OIL 60,000 lbs; cents/lb Prev High/Low 20.94 21.10 21.35 21.41 21.45 21.47 21.62 21.66 21.12 21.29 21.84 21.37 21.37 21.51 21.53 21.23 21.42 21.46 21.53 21.56 21.65 SOYABEAN MEAL 100 tons; S/ton 178.5 178.1 180.3 101.6 182.8 184.2 167.2 165.7 176.9 178.6 180.8 182.0 183.3 184.8 167.9 175.2 177.0 179.8 180.5 182.1 183.5 186.5 214/0 220/6 227/6 233/6 241/2 248/0 252/0 249/4 213/6 221/0 227/6 233/6 241/2 247/6 252/0 249/0 372/0 336/6 314/4 317/2 325/6 91,700 75,900 71,875 72,825 73,600 72,900 74,200 LIVE HOGS 40,000 lb; cent 48.750 54.100 52.400 49.375 44.250 45.425 45.400 44.100 49.800 54.860 52.800 49.850 44,700 45.650 46.700 44.300 49.175 50.225 50,450 49,050 52,860 52,250 47.178 48.225 48.450 47.860 53.760 52.825 49.175 00.225 50.450 49.050 55.450 54.625 48.000 49.400 49.100 47.800 52.000 52.250

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THE UK SERIES



LONDON STOCK EXCHANGE

Profit-takers reverse fresh advance

By Terry Byland, UK Stock Market Editor

ARCH 10 1993

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LONDON'S attempt to follow Wall Street to new highs was thwarted yesterday by a shakeout in the stock index futures market. After gaining 20 points in early trading, the FT-SE index turned back sharply when the futures markets opened and share prices ended

the day on the downside Confidence in economic recovery remained sound, however, and hopes of a cut in domestic interest rates around the time of next week's Budget speech were supported by sterling's relatively stable reception for the announcement of the latest UK producer price

The parliamentary defeat overnight of the UK government on moves to accelerate the Maastricht legislatinn introduced an element of political uncertainty. The stock mar-ket continued to debate the prospects of rises in indirect taxes on Tuesday when Mr Norman Lamont, UK chancellor of the exchequer, makes his Budget speech.

The early gain of 20 points on the Footsle was reversed into a loss of 11.2 by mid-session. A sluggish start on Wall Street, where the Dow Industrial Average was just 2 points ahead in London hours, left the UK market to drift Traders reported little sign of signifi-

it-taking was only to be expected following the sharp advance in the previous ses-

At the final reading, the FT-SE Index stood at 2,949.9, down 7.4, with traders unsure whether to worry about the challenge to the 2,900 mark.

Trading volume was brisk, with 776.5m shares moving through the Seaq system com-

Volume Clocking Day's DOC's Price chance

when retail business stayed firm at £1,23bn.

Non-Sean business increased significantly, to make up about 78 per cent of the day's total, against recent daily averages of closer to 60 per cent. The FT-SE Mid 250 Index shaded lower by 0.5 points to 3,119.2. Market strategists remained confident that the London mar-

ket still has further strength

cant selling and said that prof- pared with 654.1m on Monday, behind it and that yesterday's a recovery in the UK economy pause was nothing more than a remains elusive, London tradbout of minor profit taking following a session when share prices were driven ahead by a mixture of economic optimism

highs in the UK stock market has taken place against a backcloth of similar strength in

and technical market factors. The latest advance to new other world markets. While convincing evidence of TRADING VOLUME IN MAJOR STOCKS

However, some analysts are wary of the outlook for UK equities after the Budget. Mr Craig Knoz at Lazard Investors, is moving ahead of Mr Lamout's speech. He told cli-| Volume Cleating Dey's | Volu ents that UK shares have performed relatively well over the past month and that this appears a "good moment to reduce exposure." At Panmure Gordon, Mr Robin Aspinall sees the FT-SE index now making its "final dash" for the 3.040-50 target, with both new York and Tokyo providing encouragement. He believes that this week's data on consumer credit implies a consumer-led recovery but doubts that consumers will indulge in "another 1980's style

ACCOR	nt Dealing	Dates
Tiral Deallage Mar 1	Mar 15	Mar 29
Option Detiters Mar 11	tioner Mar 25	Apr 15
Last Onellege: Mar 12	Mgr 26	Apr 18
Account Days	Apr 5	Apr-26

Pressure on glass producer

GLASS maker Pilkington was one of the chief casualties in a generally unhappy building materials arena as the market picked up hints that a flurry of profits downgradings could be m the vipeline.

The company is believed to have requested meetings with a number of stockbroking analysts over the next few days and dealers speculated that these might reveal plans for

cost-cutting and write-downs. Specialists said a large seller. of Pilkington shares emerged late on Monday afternoon and triggered initial downward pressure on the stock. Additionally, NatWest Securities highlighted the impact on the building materials stocks of economic slowdown in conti-

nental Europe. There has also been speculation that Pilkington may seek to raise capital, although some around the current share price

appears unlikely. Pilkington's preliminary results are due in June and analysts' forecasts range from

NEW HIGHS AND LOWS FOR 1992/93

RTZ.
SEW LOWS (5).
SLDG MATLS (1) Rusself (A).
CONGLOMERATES (1) Jourdan (1). NOTELS
& LESS (1) Tomorrows, SNY TRUSTS (1)
SPLIT Inc., AMEDIA (1) Birkdels, TEXTS (1)
House of Lerose.

£30m to £40m. The shares weakened to 105%p at one point yesterday before stabilising to end 2% off at 110%p. Turnover of 4.5m shares was well above average.

Enterprise Oil lifted

Another major oil discovery, this time on the Norwegian continental shelf, was announced by a consortium including the UK's Enterprise Oil. The stock gained 10 at 507p, its best level since November 1991, Turnover was a heavy 3.5m shares.

"This is wonderful news for Enterprise ahead of tomorrow's preliminary figures, which are expected to include a nudge upwards in the dividend payment to 16p," said one oil specialist.

Another said the discovery continued Enterprise's record of strong exploration success and would keep up the group's production profile in coming

Last week BP announced a substantial oil find west of the Shetland Islands; initial estimates of the find, where BP has an 80 per cent stake and ing 20 per cent, were put at 250m to 500m barrels of oil.

M and S bought

A surge of speculative buying of Marks and Spencer helped the shares put on 2% at 350p in trade of nearly 9m shares, with a further 3m dealt in the options market. Some analysts reported whispers of strong February sales by the high street retailer, to follow a healthy performance in Janu-

There was also talk of pressure exerted on M and S's suppliers as the group attempts to improve margins.

The company is not due to report its final results until May, but yesterday's speculation will do nothing to dampen expectations in the market that the group will exceed most current analysts' fore-

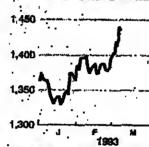
Casts Brown Shipley moved forward 4 to 40p after it was revealed that GPG, the UK investment company controlled by Sir Ron Brierley, was considering a full bid for the group after increasing its stake to 22 per cent by buying a block of 2.35m shares, or 14.8

per cent, at 35p a share. Continuing worries about the extent of the losses arising from the bank's involvement in the Bombay securities market, and lingering fears that today's preliminary numbers may be accompanied by a large rights issue, took their toll of Stan-dard Chartered shares. The stock retreated a further 8 to 691p on above average turnover of 1.3m.

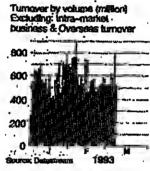
Barclays' rally came to an abrupt halt, the shares relinquishing 8 to 413p on heavy volume of 8.4m. Sun Alliance outperformed

the rest of the composite insurance sector as US bnying, thought to have been prompted by a buy note published by one of the US investment banks.

FT-A All-Share Index



Equity Shares Traded



lifted the shares 9 to 342p. Bearish noises surrounding the leading building material groups saw BPB slip 3 to 215p and Blue Circle ease 2 to 234p. declined 11 to 611p.

Meyer fell 10 to 318p, with BZW said to have lowered its profits forecasts for the group. Fnr the current year BZW is said to be predicting profits of £11m, down from £15m, and for next year it expects the group to achieve profits of £18m compared with a previous estimate of £19m.

Conglomerate Hanson eased a penny to 257p, with analysts at BZW reported to have come to the view that there was little unside in the stock. The securities house is believed to have also reduced its profits estimate for the year to September 1994, coming down to the bottom of the range which

is around £1.19bn. With good figures expected today from international conglomerate BTR, the shares were once again in demand. They moved a penny forward to 591p, with turnover increasing to 5.4m.

Results from Hillsdown generated good two-way business nf 8.4m shares, but left the price steady at 163p. However, Nomura, which continued to mark the stock a weak hold, said questions over long-term strategy remain unanswered.

today from Cadbury-Schweppes left the stock 5 adrift at 494p. Yorkshire Food Group made a strong market debut, the shares coming to the mar-ket at 110p and closing 28 forward at 138p. Turnover

came to 8.6m. Asda continued its seemingly relentless march forward, with Hoare Govett positive following a recent company visit. The stock was also buoyed by suggestions it may shortly join the FT-SE 100 Index. The shares gained 11/2 at 89%p in turnover of 23m. However, according to mar-

ket gossip, Asda'a rumoured inclusion in the Footsie could be at the expense of W.H. Smith, whose "A" shares lost 7 to 422p yesterday.

Buying pressure squeezed Stakis higher as shares in the hotel and casino group were said to be chased by institutions. The stock climbed 3% to 51 % p.

Euro Disney would shortly be announcing the restructuring of some debt sent the shares surging by 65 to 1080p but was scouted by sources close to the company. Thorn EMI 61pc 18941 18941 18941 Thorn EMI

rebounded from Monday's weakness, with S.G. Warburg said to be positive. The shares appreciated 10 to 874p.

Drinks stocks continued to respond to positive talk on consumer spending and economic recovery, with the second liners taking centre stage yesterday. H.P. Bulmer jumped 16 to 393p, Greene King rose 5 to 533p, helped by an analysts visit, and Wniverhampvisit, and Wnlverhamp-

visit, and Whiterhampton & Dudley gained 11 at 599p. Bass was steady at 593p following a reported downgrade from James Capel.

Profit-taking combined with nervous trading as British Aerospace met with fund managers yesterday afternoon left the shares 5 lighter at 272p. the shares 5 lighter at 272p. A view that shares in engi-

neering group Glynwed International, which reported a a 30 per cent increase in full year profits, was overvalued weak-ened the shares. They gave up 7 to 282p, with one market watcher suggesting little improvement in trading in the short term.

Vickers shed a penny to 118p, ahead of today's figures with a rights issue of between 280m and £100m expected from the company. BBA gained 5 to

FINANCIAL TIMES EQUITY INDICES Mar 9 Mar 6 Mar 6 Mar 4 Mar 3 ago High Low

Brid 18000 950 940 926 886 888 1265 1905
Bold Miles 95.0 94.0 92.6 88.6 88.8 128.5 160.5
Brid Mines 950 940 926 886 888 1285 1905

36,055 1415,3 42,775 800,9

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42,764 1231.9 45,952 538.8

EQUITY FUTURES AND OPTIONS TRADING

PROFIT-TAKING after an early advance caused a sharp retreat in stock index futures and the March contract surrendered most of Monday's impressive gain, writes Joel Kibazo.

The enthusiastic overnight performance on Wall Street seemed set to carry through

at 2,985, some 12 points above Monday's strong finish.

This positive mood, how-ever, only lasted a short while before heavy selling drove the contract down. Profit-taking, together with some uncertainty following the UK government's defeat over the Manstricht hill, seemed to be into London when the March the main reason, although the 2,950 was seen shortly after contract on the FT-SE opened weakness in the fixed interest the New York opening.

rate markets also served to dampen sentiment.

By 11am the contract was trading at 2,866, and but for a brief rally over the lunchtime period, sellers continued to have the upper hand, a factor which also helped to pull the underlying cash market down. The day's low point of

After a brief bout of shortcovering, March ended at 2,959, down 14 from its previous close and around 8 points ahead of its fair value premium to eash of minus 2. Turnover was 10,592 contracts.

It was a dull day in traded options and volume was only 29,080 jots. The Euro FT-SE saw business of 3.049 and Marks and Spencer 3,065.

Nervousness ahead of results 171p, after reporting a 53 per cent increase in figures. Profits also improved at

Transfer Technology and the They added 10 to 296p.

Glaxo rebounded from the weakness inflicted by specula tion over its dispute with US drug authorities, the shares leaping 16 to 666p. Medeva rose 9 to 225p ahead of results

Christopher Price, Joel Kibazo,

Other market statistics,

Hourly movements

shares responded by jumping 29 to 517p. Profit-taking hit Danka Business leaving the shares 52 down at 632p. News that Ocean Group was in talks to sell its bulk liquid storage company boosted the shares.

MARKET REPORTERS:

Steve Thompson.

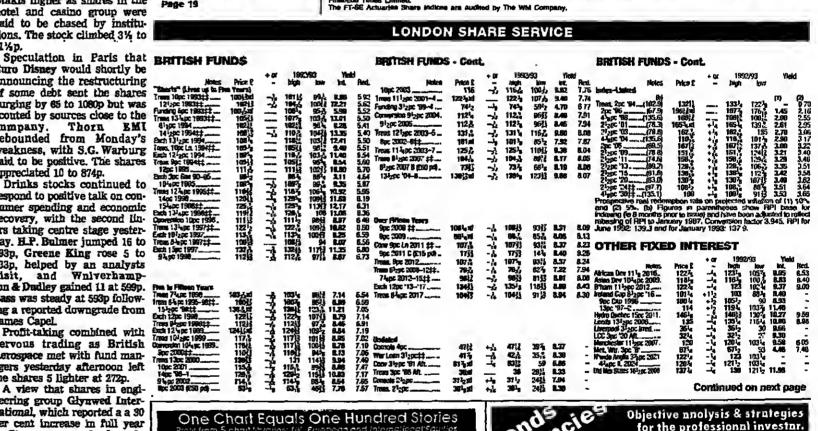
FT-SE 100 FT-SE MID 250 FT-A ALL-SHARE 2949.9 -7.4 3119.2 - 0.5 1435.58 - 2.64 P/E Ratio War & cleange % Mar 6 Mar 4 800 yield % ers have taken an increasingly FT-\$E 100 -0.32957.3 2922.1 2904.8 2574. 20 77 13.45 confident view of develop-FT-SE 164 256 3119.2 3119.7 3107.9 3057.9 2540.7 6.59 ments in the US. At the same FT-SE-A 356 14542 - 02 1457.1 14423 1433.6 1251.1 6.24 4.09 20.41 FT-SE SmallCap ax law Track time, belief that German inter-1562.97 + 0.1 1550.93 1554,98 1549.16 4.09 25.72 5.78 est rates will soon start to fall 1566.45 +0,1 1564,72 1559.08 1553.04 5.82 6.19 4.35 4.08 underpins expectations that FT-A ALL-SHARE 1435.58 -02 20.70 IJK rates can remain low, at least until the end of this year. 1 CAPITAL GOODS(211) 957.60 ~ 0.5 2 Building Meteriale(27) 3 Contracting Construct 4 Becircula(14) 991.82 824.99 991.64 823.15 -0.2 822.43 823.55 915.62 2.92 5.28 2763.58 5 Electronics(35) 2575.67 -1.7 2819.10 2617.73 1883.85 2508.44 361.86 359.26 357.61 361.94 7 Engineering-General(52) 562.00 -0.1 582.5R 559.11 557.23 506.41 337.57 6 Metals & Metal For 9 Motore(18) 389.74 404.24 +0.1 404.D1 403.42 400.52 326.26 16 Other Industrials(18) 2113,45 2078.76 1596.21 2092.18 5.79 4.03 0.39 21 CONSUMER BROUP(202 1744.58 1713.06 1688.40 1738.76 1720.00 273 22 Brewers and Distillers (28 2007.87 +02 2003 00 1950 31 1946.13 2168.05 10.16 25 Food Manufacturing(22 26 Food Retailing(16) 1459.89 1447,82 1441.04 1279.42 7.12 3315.36 -0.33326.60 3279.97 3211.63 2672.25 27 Health & Household(29 29 Hotels and Laleure(20) 3839.37 3797.57 3815.16 4287.03 6.04 1365.28 1347.16 1347.99 1358.41 1350.38 30 Media;(33) 31 Packaging and Paper(23) 34 Storne(36) 35 Textless(20) 1906.21 864.47 1909.89 1888.23 860.84 1887.85 1566.05 5.44 861.80 774.13 -0.3858.28 5.24 6.16 +0.1 1162.48 1145.19 1135.01 1676.66 796.34 681.56 608.99 798.37 40 OTHER DROUPS(142) 1545.50 -0.5 1530.81 1519.90 1241.95 7.86 41 Basiness Services(27) 42 Chemicals(23) 1688.22 1671.16 1407.12 5.31 +0.4 1555.72 1564.67 1554.91 1500.19 -0.5 1536.59 1520.12 1506.01 1381 88 1582.41 6.67 13.31 3.49 5.63 6.82 43 Conglomerates(11) 44 Transport(16) 45 Bestricky(16) 1528.18 2960.09 2925.52 2445.28 +0.4 2947.59 2922.46 1720.93 12.59 -14 46 Telephone Networks(4) 1807.78 1778.48 1789.44 1426.95 47 Water(13) 46 Miscellaneous(32) 3542.17 3502.27 2460.11 12.76 8.71 11.83 1.84 -1.1 2464.12 2422.89 2407.42 1833.05 2437.26 21.05 48 PEDUSTRIAL GROUPISE 1488.43 -0.1 1490.02 1476.17 1468.03 1326.54 2434.02 2425.16 2413.78 2056.00 5.90 59 "500" SHARE INDEXABOS 1574.77 -9.1 1576.78 1562.63 1554.09 1395.76 6.85 4.05 18.30 6 02 61 FEMALCIAL GROUP(BS) 927.57 -0.5 1002.62 987.59 978.32 727.46 3.20 4.49 57.09 6.00 62 Barika(9) 65 Insurance (Life)(6) 1383.46 1357.74 1343.60 906.80 1373.17 -0.7248 2040.60 664.78 2049.74 666.44 2007.36 1471.34 4.45 71.11 0.00 66 Insurance (Composite)(7) 87 Insurance Brokers(10) -0.2657.52 653.33 480,39 993.53 811.56 797.27 791.81 5.42 2.32 7.29 68 Merchant Renkntfil 613.86 -67 617.99 617.81 612.34 468.09 Property(28) 750.32 746.17 741.64 725.16 7.4B 1.35 1.16 +0.8 70 Other Financial(23) 348.15 345.32 343.95 Investment Trustel 107 -02 1479.90 1469.23 1481,40 1190,12 226 287 44.30 99 FT-A ALL-SHARE(799) 1435.58 -62 1438.22 1424.13 1415.75 1236.54 8.18 4.08 20.70 5.98

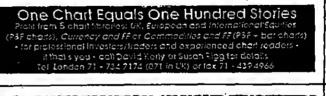
FT-SE Actuaries Share Indices

FT-SE 100	- 1	980.9	2967.3	2964.2	2954.9	2959.9	2959.7	2950.7	2948.3	2949.5	2986.9	2946.1
FT-SE	250 . 3	133.8	3128.9	3125.5	3119.2	3121.3	3121.7	31189	3117.1	3119.6	3133.9	3116.9
FT-SE-A 36	. 1	457.7	1461.8	1460.4	1456.2	1458.3	1458.3	1454.5	14534	1454,1	1457.7	1452.6
Gross divide	nd yield (A	T 10 25%)	FT-SE 100:	4.00%								
FT-SE	Actu	wies :	350 ln	dustry	Bask	ets						
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FT-SE Menty Construe Realth, AH Water	1621.5	1619.8	18,60	11,00	12,89	13,66	1606.8	1806.6	1605.7	1605.7	1617.3	-11.6

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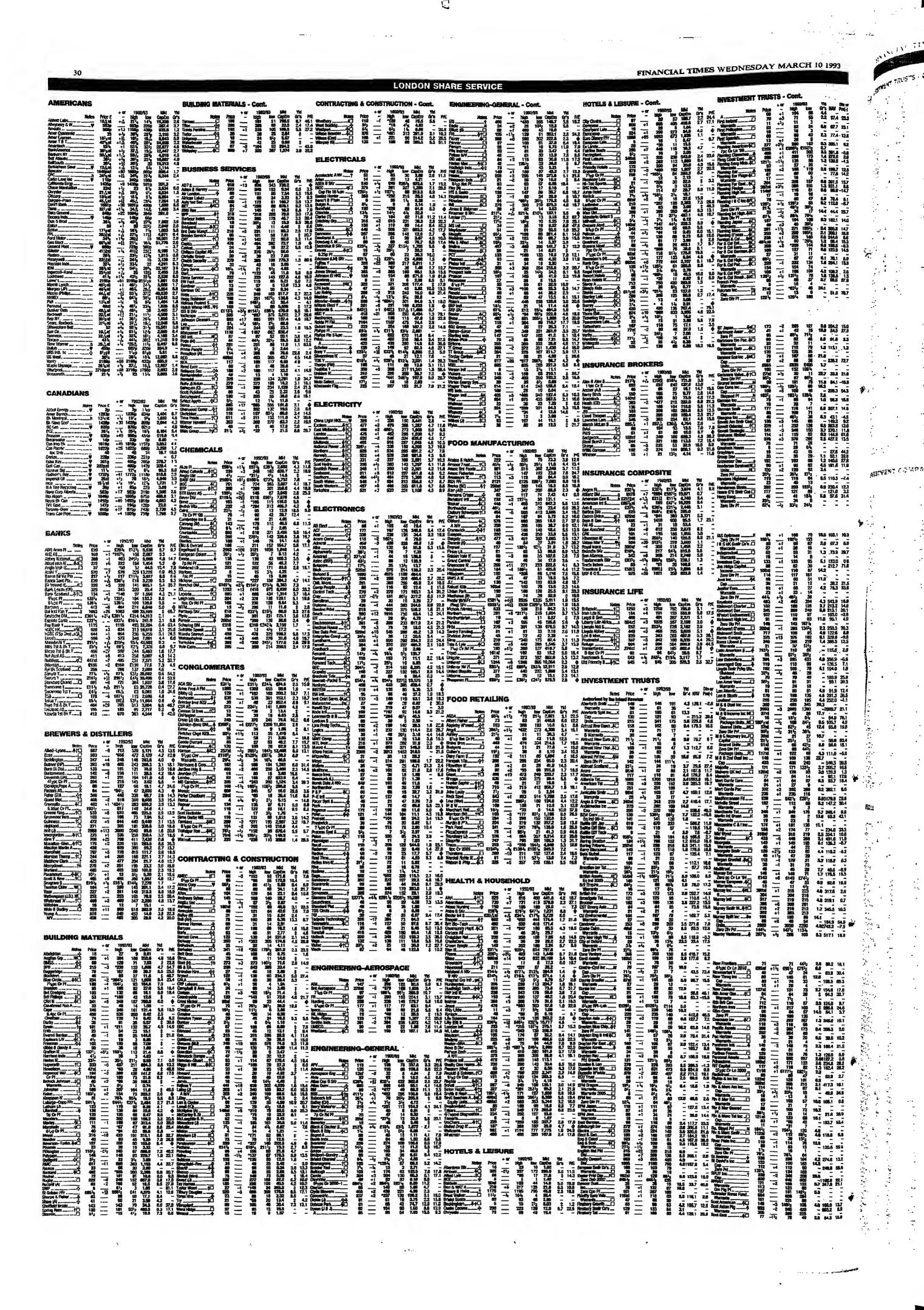
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FINANCIAL TIMES WEDNESDAY MARCH 10 1993 CRL & CAS - Cont.

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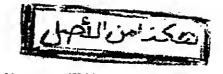
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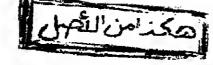
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FOREIGN EXCHANGES

Lira suffers setback

The dnllar struggled in late

trading after a lurch upwards

in the early afternooo. Ana-

lysts said there was nothing algnificant in the rise,

although news that IG Metall,

the Germao metal and eogineering wnrkers' union, had

called for tokeo strikes in east

Germany, provided some sup-port for the currency. The dol-

lar closed in Loodoo up half a

pfennig on the day at

Sterling weathered the gov-ernment's defeat over the

Maastricht treaty oo Monday

night relatively well. It slipped

a pfennig on the day hut deal-

ers reported that overseas

investors were quick to huy

the pound hack from a

Mr Brett said fears about the

UK's rnle in Europe were

"overplayed", pointing nut that Mooday's defeat did oot

threaten ratification of the

treaty, but merely delayed lt.

Althnugh nverseas investors

DM2.3854 low.

POLITICAL upheaval in Italy sent the lira sharply lower against the D-Mark yesterday.

writes Emma Tucker. Rumnurs that Mr Giuliano Amato, the prime minister, might have to resign prompted a dramatic silde in the currency from L948.8 per D-Mark at the close oo Monday, to L964 at last night's close.

Mr Mark Brett director of bond and currency strategy at Barclays de Zoete Wedd, said the market had reacted nega-tively to the fact that Italians were selling the lira heavily.

The markets thinks the Italians are in the know," said nne analyst The Bank of Italy intervened

to prop up the currency as speculatioo about Mr Amato's future grew. He is in trouble because of a government-prothored that would take immediate effect and wnuld allow corruptioo suspects to avoid

Expectations of monetary easing by the Bundesbank dominated the rest of the day's trading. One trader said forecasts for German growth were being downgraded hy the day. as analysts caught up with the extent of corporate grief io

£ IN NEW YORK

Mar.9	Latest	Previous Close
£ Spot 1 month , , 3 months 12 months ,	1.4350 1.4360 0.37 - 0.35pm 0 98-0 95pm 2.75 - 2.65pm	1.4418 1.4428 0 38 0 37pm 0 97 0.95pm 2.74 2.67pm
Forward premiu	ms and discounts ap	ply ea the US dolla

STERLING INDEX

٠			
		Mar.9	Previous
8.30 am 9.00 am 10.00 am 1.00 am 1.00 pm 2.06 pm 2.06 pm 4.00 pm		77.4 77.6 77.5 77.5 77.5 77.4 77.3	77.3 77.3 77.5 77.6 77.6 77.6 77.6
CUA	REN	CY RA	TE\$
Mar 9	Bank # . rate %	Special * Drawing Rights	European F Currency Vant
Sterling J.S Dollar Lanadian S Lostrian Sch	3 00 6.09 8.25	0 951051 1 37522 1 70981 16 0804	0 810329 1.17052 1.45788 15 6600

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Canadian 5	6.09	1.70981	1.45788
Austrian Sch		16 0804	15 6600
Belgian Franc	7.50	47 0600	39 9703
Danish Krone	11 50	8.76634	7.44744
D-filari	8.00	2.28754	1.94166
Datch Gallder	7 50	2.57290	2.18232
French Franc .	10	7.75968	6.58359
Hallan Lira	11.50	2169.27	1874 44
Japanese Yer .	2.50	162,771	136 834
Norway Krone	- '	9 69530	B.24963
Spanish Peseta .	-	162,771	138.414
Swedish Krona	11.50	10.5844	8.88776
Serbs Franc	5.50	2.11674	1 79324
Greek Orach	19	N/A	262,126
irrsh Paul	-	NJA	0.797846

a Bank rate refers to central bank discount rates These are not quoted by the UK, Spain and Ireland I European Commission Calculations. * All SDR rates are for Mar. 6 **CURRENCY MOVEMENTS**

Mar 9	Bank of England Index	Morgao** Gearanty Changes %
Sterling U.S Dollar Canadian Dollar Assarias Schilling Belgdan Franc Danish Krone D-Mark Swis Franc Dutch Gellder French Franc Lira Yen Peseta	77.3 66.7 97.5 115.0 118.7 125.1 109.2 119.6 109.8 78.7 164.7	-32.06 +11.6 +1.94 +16.67 +12.21 +31.63 +17.21 +20.97 -6.87 -6.87 -34.73 +102.73 +24.37

Morgan Guaranty changes: average 1980-1982-100. Bank of England Index (Base Average 1985-100). "Rates are for Mar.8

OTHER CURRENCIES

Mar 9	£	\$
Argentina .	14335 - 14360	0.9980 - 0.9990
Brazil	2.0455 - 2.0475	1.4230 · 1.4240 21314.4 · 21314.6
Finland	86190 86540	
Greece	319.950 - 32ь.400	222.040 · 226,480
Hong Kong .	11 1040 - 11 1260 2200 00°	
Korea(Stb)		1485.00° 789.70 - 795.90
Kowait		0 30520 - 0 30570

MONEY MARKETS

Futures drift lower

EUROPEAN CURRENCY futures drifted lower yesterday in generally quiet trading. Although the market is still expecting the Bundesbank to

ease its officially posted rates

oo Thursday next week, one

dealer commented that expectations had raced ahead too "I think there has been too much expectation priced into the market and people are now

reining back," he said. The June Euromark futures contract eased slightly from an open of 93.12, leading tn a sharper fall in Freoch franc

UK clearing bank base lending rate 6 per cent from January 26, 1993

The June Pihor contract dropped from 91.58 at the npen to around 91.52.

Sterling futures also slipped no the day, with a weaker pound and concern over the government's defeat in the House of Commons nver the Maastricht treaty compounding the downwards

Few in the UK money markets expect a rate cut on budget day next week. Even afterwards, dealers are oot optimistic that the authorities will ease policy at an early stage, especially while the pound is languishing at around

The market appears to have taken on board comments by the Bank of England that it does oot want to see the pound eignificantly lower than

current levels. One dealer complained that each time the pound recouped some of its losses, a full scale recovery was scuppered by political mishaps.

"So long as the government keeps shooting itself in the foot with the pnund, the longer it is going to be before they can cut rates," he said.

The June short sterling cootract, which opened at 94.56 was trading around 7 basis points lower at the close.

After the Bank of England unexpectedly forecast a cash surplus on Monday, yesterday saw the usual forecast for a liquidity shortage. Ironically, the market was reluctant to part with paper and overnight rates were forced up to around 8 per cent, compared with Miniday's 4 per cent. One week mnney firmed to just over 6 per ceot from 5½ per ceot. Further out there was little movement. The key three-month interbank rate was unchanged at around

5% per cent on the offered side. The shortage, which was revised during the day to £1.3ho was relieved in the late afternann wheo the Bank are confused by the UK parliameot'a machicatloca over Maastricht, dealers reported that sentiment towards the pound was generally "more

CURRENCIES, MONEY AND CAPITAL MARKETS

3-26 2-43 2-01 1-30 1-01 0-28 0-18

LONDON (LIFFE)

Estimated volume 0 00 Previous day's open loc. 318 (318)

Close High 96.75 97.10 96.58

96.75 96.59 96.38 96.00

Est, Vol. (Inc. figs. not shown) 2222 (1917) Previous day's open int. 23742 (23471)

Estimated volume 3255 (1666) Previous day's open Int. 18175 (18061)

THREE MONTH EURO SWISS FRANC SFR Impeliits of 100%

94.77 94.78 95.55 95.59 95.80 95.82 95.91 95.91

Estimated volume 3765 (3864) Previous day's open last, 49933 (49571)

THREE MONTH EUROLIKA INT. RATE LIRA 1,000m points of 100%

Estimated volume 4230 (1718) Previous day's open Int. 30685 (30716)

Estimated volume 14328 (13393) Previous day's open Int. 53625 (53203)

2959.0 2976.0 2993.5

POUND - DOLLAR FT FOREIGN EXCHANGE RATES

Close High 88,71 89,08 89,36 89,73 89,77 90,10 89,97 90,08

2985.0 2950.0 3001.5 2970.0

94,76 95,54 95,80 95,91

FINANCIAL FUTURES AND OPTIONS

However, many analysts doubt that the pound will be able to break above DM2.41 before the hudget. Suggestions that they may raise taxes could cause the currency to slip.

"If there is anything too aggressive in the hudget oo fis-cal policy, the currency might wobble because the market will start to expect further interest rate cots," said Mr Brett. The pnund clused at

lower against the D-Mark. It closed at FFr3.391 compared with the previous close of FFr3.389. The peseta was also slightly weaker, closing at Pta71:12 against the D-Mark.

EMS EUROPEAN CURRENCY UNIT RATES								
Ecu Central Rates	Currency Amounts Against Ecu Mar 9	% Change from Central Rate	% Spread vs Weakest Currenty	Olvergence ladicator				
1 42 150 0.809996 2.20045 180 624 40 2802 1 95294 7 44934 6 54988	138.414 0.797946 2.18232 179.230 39.973 1.94166 7.44744 6.56359	-2.63 -1.50 -0.82 -0.77 -0.58 -0.58 -0.51	3.23 2.05 1.35 1.39 1.29 1.10 0.54 0.00	45 57 29 124 22 -10 42				
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POUND SPOT - FORWARD AGAINST THE POUND										
Mar 9	Day's spread	Clase	One month	P.	Three months	P.a.				
nzda therlands . lgium remark land	1 4325 · 1 4450 1.7850 · 1.7995 2 6815 · 2.7025 49 15 · 49 40 9.1580 · 9.725 0 9815 · 0.9855 2.3850 · 2.4056	1.4345 - 1.4355 1.7660 - 1.7870 2.6850 - 2.6950 49 25 - 49 35 9.1675 - 9.1775 0.9830 - 0.9840 2.37900 - 2.3750	0.38-0.36cpm 0.16-0.07cpm 1 ₂ -1 ₂ cds 8-13cds 51 ₄ -7 ₄ creds 0.45-0.55cds 1 ₂ -1 ₂ cd8s	3.09 0.77 -2.23 -2.56 -6.59 -6.10 -2.82	0.99-0.96pm 0.31-0.18pm 1 \(\frac{1}{2} - \frac{1}{2} \text{dis} 26-31\(\frac{1}{2} \text{dis} 19 \(\frac{1}{2} - \frac{1}{2} \text{dis} 1.21-1.3\(\frac{1}{2} \text{dis} 1 \(\frac{1}{2} - \frac{1}{2} \text{dis}	25,801,019				
rtugal aln ly rway ance	219.65 - 221.15 169.75 - 170.95 2271.20 - 2327.80	220.13 - 221.15 170.05 - 170.35 2307.75 - 2308.75 10.1650 - 10.1750 8.1100 - 8.1200	1.70-187edis	-9.71 -11.77 -5.46 -2.88 -5.91	446-479dis 349-410dis 27-30dis 574-81adis 1014-111-186 64-111-186	519 838 84 94 518 518 518 518 518 518 518 518 518 518				

XOLL	AR SPOT	- FORWAF	ID AGAIN	IST '	THE DOL	LAR
Mar 9	Day's spread	Close	Gae month	P.L.	Three months	% p.a.
KI elandi mada elandi mada etherlands elglum emmark emmark emmari mtugal alto alto emmari mtugal enteral esteral	7.0465 - 7.0900 5 6200 - 5.6600 7.5960 - 7.6300 116 65 - 117.55	7.0850 - 7.0900 5.6525 - 5.6575 7.6250 - 7.6300 117.30 - 117.40	0.78-0 80pfdis 145-152xlis 140-150xlis	14.65	0.99-0.96pm 3.00-2.86pm 3.00-2.86pm 0.65-0.71ds 2.06-2.13de; 40.00-45.00ds 13.00-18.00ds 2.00-2.03ds 405-425ds 315-33.60ds 315-33.60ds 11.15-11.45ds 11.25-12.40ds 0.02ds-par 12.30-13.40ds 0.77-4.82ds	200 B 4 4 4 5 8 5 8 8 8 8 8 8 8 8 8 8 8 8 8 8
37	1 1630 - 11710	11635 - 1 1645	0.67-0.64cpm	6.75	1,71-1,67pm	5.81 Forward

tem 64 - 53 36 - 213 54 - 44	6 - 5 % 3 % - 3	6 · 5 ??	Months 6 · 5%	Months	Year
84 - 85 55 - 55 84 - 85 11 - 101 25 - 101 84 - 64 13 - 11 4 - 3 64 - 15	54 54 54 58 54 58 81 8 114 11 65 64 13 11 14 15 16 15	5 5 6 1 1 1 6 5 1 1 2 2 6 1 1 1 1 6 5 1 1 2 2 6 1 1 1 2 2 6 1 1 2	34 34 51 55 71 77 8 77 114 114 64 64 32 37 154 141 34 24	34 - 54 - 54 - 54 - 54 - 54 - 54 - 54 -	51 · 53 51 · 53 54 · 64 64 · 64 64 · 64 64 · 64 61 · 64 61 · 64 61 · 64 62 · 64 63 · 64 64
283	1002 1002 1003 1003 113 113 114 114 114 114	14 101 114 11 15 102 114 11 16 104 05 064 16 11 12 11 17 11 13 14 18 11 15 154 18 18 154 154	10 10 11 11 11 11 11 11 11 11 11 11 11 1	10 1 11 11 11 11 11 11 11 11 11 11 11 11	14 - 10

	,,, ,,		mgr. Jik	at upipi	aus ar c	an 161 C	is outin	and John	### 1C1	, 00003,	rawn media	HULICE.
	EXCHANGE CROSS RATES										_	
B=.9	£	S	DN	Yes	F Fr.	S Fr.	N FL	Lica	cs	8 Fr.	Pta	Em
£	1_	1 435	2.393	168.5	6115	2,215	2,690	2308,	1.787	49,30	170.2	1.233
. 5	0.697 0.418	0.600	1.668	117.4	5.655	0.926	1.875	1608	1.245	34.36	7797	0.859
PEN FFr.	5.935	8.516	14.20	70.41 1000.	3 391	13.15	15.96	13697	0.747	20.60	71.12	9515
FFn	1.232	1.768	2,949	207.6	3.664	2,730	3.315 1.214	2844	2,202	60.75	1818 209.7	7.318 1.519 0.557 0.458
57.	0.451	0 648	1.080	76.07	3.664	1	1.214	1042	0.807	22.25	76.84	0.557
eғ.	0.372	0.533	0.890	62.64	3.017	0.823	. 3	858.0	0.664	18.33	63.27	0.458
Ura	0.433	0.622	1.037	73.01	3.536	0.960	1.166	1000.	0.774	21.36	73.74	0.534
CS	0.560	0 803	1.339	94.29	4.541	1.240	1.505	1292		27.59	95.24	0.690

82.7	E		DM	Yes	F Ft.	S Fr.	₩ FL	Lica	CS	8 Fr.	Pta	Em
£	1	1 435	2,393	168.5	6115	2,215	2,690	2308.	1.787	49,30	170.2	1.233
. 5	0.697		1.668	117.4	5.655	1.544	1.875	1608	1.245	34.36	1186	0.859
DM	0418	0.600	1	70.41	3 391	0.926	1.124	964.5	0.747	20.60 292.6 60.75	71.12	0515
YEN	5.935	8.516	14.20	1000.	48.16	13.15	15.96	13697	2,202	292.6	1818 209.7	7.318 1.519 0.557 0.458
FFn	1.232	1.768	2.949	207.6	10.	2.730	3.315 1.214	2844	2.202	60.75	209.7	1.519
5 Fr.	0.451	0 648	1.080	76.07	3.664	. 1	1.214	1042	0.807	22.26	76.84	0.557
eп.	0.372	0.533	0.890	62.64	3.017	0.823	. 1.	858.0	0.664	18.33	63.27	0.458
Line	0.433	0.622	1.037	73.01	3.516	0.960	1.166	1000.	0.774	21.36	73.74	0.534
CS	0.560	0 803	1.339	94.29	4.541	1.240	1.505	1292	1	27.59	95.24	0.534
G Fr.	2.028	2911	4.854	341.8	16.46	4,493	5.456	1292	3.625	100.	345.2	2.501
Pta	0.588	0.843	1.406	99.00	4.768	1.301	1.580 2.182	1356	1.050	28 97 39.98	100.	0.724
_ Ea	0 817	1.164	1.941	136.7	6.582	1.796	2 182	1872	1.449	39,98	138.0	1.
Yes per 1	.000: F	rench Fr.	per 10:	Clea per	I 000-1	lefoian F	r. der II	IO: Pesel	a ere 10	0		
					_,					•.		

1-mth. 3-mth. 6-mth. 12-mth. 14313 1.4252 1.4179 1.4082 FT LONDON INTERBANK FIXING (11.00 a.m. Mar.9) 3 months US dollars

onth, of the bid and offered rates for \$10s. day. The banks are flational Westminste **MONEY RATES**

NEW YORK Treasury Bills and Bonds Nar.9 Cine Month Overalght. 7.90-8.00 183-114 54-54 7.53-7.65 7.40-7.50 111 112 64 84

Deblin	11-114	11-11-6	11-114	104-11	104-102						
LONDON MONEY RATES											
Mar 9	(peralgh t	7 days notice	One Month	Three Months	Six Months	One Year					
Interbank Offer Interbank Gld Sterling CDs. Local Authority Deps. Local Authority Bonds Discount Mit. Deps. Company Deposits Finance House Finance Hou	a - -	6 5 5 1	95006 1550 35456 2500 1550 3500	24466 24466 1 1 2446 8 22747	5555 - 1 - 555 - 2 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	55555 5 1 - 1 - 1 - 1 - 1 - 1 -					

ECU Linked	Dep. Cid	- 1	_	912	9.4	él i	67
Bank Bills (tender rate or 26, 1993 - A Schemes II & Scheme IV & days' fixed. I b); Deposit upo	is (self); one-no sell); one-mo f discount 5.3 Agreed rates 1 i III: 7.47 p.c V: 6.228 p.c. Finance House 1.00,000 and mits 5 per cent fit y per cent fit	oth 541 per 717 - ECGI for period i c. Referenci Local Aut s Base Rate over held u t siz-olne i	r cent, three Fixed Rate March 24, it trate for po hority and to 7 from Mi ader one mi months 4 k	e months 5; e Sterling Ex 1993 to Apr erlod Janua: Finance Hoo arch 1, 199; onth 2½ per per cent: nic	ig per cent; sport Financ il 25, , 195 y 30, 1993 ises seven di 3: Certilicat cent; one-th is-tweive mo	Treasury 61 e. Make xp o 13, Scheme to February 195' motice, es of Tax De ree prooffs!	ills: Averaging February 1: 7.35 p.c., 26 , 1993 others sever posit (Serie 5 4 per cent cent, Unde

LIFFE Edgs) SWISS FRANC OPTIONS SPR las polais of 198% LIFFE LONG GILT FUTURES OPTIONS LIFFE BUND FUTURES OPTEDA DM250,000 paints of 190% Pets-Mar 0 0.01 6.03 0.24 0.48 0.75 0.98 1.23 0-30 0-45 1-03 1-32 2-03 2-46 3-30 4-20 Mar 0.53 0.30 0.11 0.95 0.03 0.01 **CHICAGO** Latest High Low Pres. 112-33 113-65 1 DEUTSCHE MARK (DAN) OM125,000 S per DYK REY BILLS (DIENC) 6% NOTIONAL LONG TERM JAPANESE COVT. SKIND Y100m 100Ms of 100% Close High Low 110.57 110.73 110.52 12% NOTIONAL ITALIAN GOVT, BOND (9TP) * LIBA 200m 100th of 100% Estimated volume 23626 (15334) Previous day's open Int. 44302 (41860 PARTS 7 to 10 YEAR 10% NOTIONAL PRENCH BONG (MATIF) FUTURES 1 Open in 136,622 136,619 29,744 ce Change 30 -0.28 14 -0.40 25 -0.38 1 Interest 202,703 1 Yield 7,70 7 44 7,42 High 115,58 117.49 117.58 96.73 96.55 96.33 95.96

THREE-MONTH PINOR FUTURES (MATER) (Paris interbank offered rate) -0.12 -0.13 -8.05 -0.06 CAC-40 FUTURES (MATIF) Stock lodes March 113,70 113,30 -0.5 Estimated volume 8,122 † Total Open Interest 14,375 113.70 113.22 OPTION ON LONG-TERM FRENCH BOND (MATTE) Calls June 3.30 2.47 1.75 1.14 0.66 170.094 0.97 16,558

23,732 10,760 1 All Yield & Open Interest figures are for the previous day **BASE LENDING RATES**

Adam & Company B&C Merchant Bank., 13 Banco Bilbao Vizcava..... 6 Benk of Cyprus Bank of treland Bank of India Bank of Scotland

Credit Lyonnais

Barcleye Benk e Brit Bit of Mid East e

Mount Banking Equatorial Benk pic e Exeter Benk Limited 7 Financial & Gen Benk ... 7 •Rea Brothers Roodunghe Benk Ltd ... 6 Royal Bik of Scotland e @Robert Florring & Co ... 6 Girobank6 Smith & Wilmsn Secs. 6 Guinnese Mahon Standard Chartered 6 Habib Benk AG Zurich ... Unibank plc..... Heritable & Gen Inv Bk, (C. Hoare & Coe Hongkong & Shanghel. & Julian Hodge Bank e GLeopold Joseph & Sons &

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MONEY MARKET FUNDS Money Market Trust Funds Money Market **Bank Accounts** O City Road, EC1Y 2A Illed Trost Bank Ltd 202 Min 459 Min 485 Min 5.12 Min 5.38 Min 5.90 Min ank of Scotlan Barclays Select 20 Box 120, Wester 2 000-69,999 Brown Skipley & Co Ltd Founders Cent., Lethbury, Lendon L ian Bank Ple omort 65,000 mla. Tyndail & Co Lid 29-33 Princess Visconia infederation Bank Limited he Co-operative Bank

CROSSWORD

4.31 5.83 6-Mm 3.94 5.32 6-Mm 3.56 4.81 6-Mm 2.81 3.79 6-Mm

restment 98 – 98 Bay Fields 50,000+ 99,999 | 5,25 5,000- 69,999 | 5,25 5,000- 69,999 | 4,75 5,000- 69,999 | 3,75 m Tier – instant Access Series 5,000- 69,999 | 4,00 5,000- 69,999 | 1,00 1,000- 64,999 | 1,50 1,50

No.8,097 Set by CINEPHILE

same meaning wherever it occurs in the clues 5 Middle Earth, possibly (5)

ACROSS 8 Site of WW with games to little value (6)
4 Man in the police made one of

the WW (6) 8 Sheep straying at American site of WW (7) 8 Very small part of capital, site of WW (7)

generator (9)
13 Employees were dressed in or ww (7)

11 One way to tell a venom's venomous? (10)

12 Head spread? (4)

13 Expend, uselessly, one's middle sound (5) frock, strangely, inside (4,5)
15 Toast chap prepared for trav-17 See 24 19 Pious exclamation about love hy friend doubly exalted (4,3) 21 River I located during learn-

14 Sort of dialngue lo acrostic form (8)

16 Guide to monster that's eaten mother (8)

18 A right acquired, in a manner of speaking (5)

20 A service returned some way off (4) 21 Entertaining audience for WW (10) 28 Needing rest, I am enshrined in WW (7)

in ww (7)

24, 17 WW gets tough about endless heart disease on a horse, say (7,7)

Coriental flower festival (6) 28 Imperialist site of WW (6)

DOWN 1 Some coconuts with some practice will produce it (5)
2 Economise in 13 sbove (7) WW has a quiet word about a high-class fish (9)

Solution to Puzzle No.8,096 SOMEOR TO PIZZIE NO.8,USO

SPICKANI SIPANI
A I O C I E E E
CAVENANI SICREWED
CON E A I W I
OUTRE SPELLOUT
MEDICATION KNUT
MEDICATION KNUT
O E N I P
DOGK GOUNTRYMEN
A L E T O A C
TAILPIPE PARCH
NEPTUNE MASEAGE
G E N R U E L F

play: I'm nothing else (7)
Result of weeding out with

pole by hnrticulturalist (no centre haif) (5,4) 10 Character of trippers on a

ing (5)
22 What's wrong with the FT is a hole in the head (5)

elling by sea (5,4)

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Market Market

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| SWEDSER (combined) | SWEDSER

								IND	CES						
EW YOR										Mar	Mor	Mar	Mor		2783
OM YOUE	S Wer	Mar 5	Mar 4	Mar 3	HIGH	12/93 LOW	HIGH	LOW	AUSTRALIA			5_	_4_	HIGH	LOW
tetrisk	3469.42	3404.51	3398.91		4 3469,42	3136.58	3459.42	41.22	All Ordinaries (1/1/80) All Stining (1/1/80)	1633.4	1617.1	1813.6	1622.9	1684.50 (22/5/92)	1357,20 (18/1
me Bonds	106.10	105.95	106.29	165.17	(8/3/93) 7 106.29	(9/10/92) 98.41	105.29	(2)7/32t 54.98	AUSTRIA	03820	630.5	625.0	626.9	726.80 (3/7/92)	545.40 (167)
	1582.10	1538.45		1513.6	(4/3/93)	1204,40	(4/3/93) 1589,63	(1/10/81)	Credit Algier (30/12/84) Traded Index (2/1/91)	357.78 1655.87	358.52 854.75	357.54 858.31	355.17 254.15	458.57 (24/2/82) 1899.43 (24/2/82)	291,41 (13/2 682,96 (13/2
esport					8/2/93	(25/8/92)	(8/2/93)	(8/7/32)	BELGRAM						
Ries	241.30	238.73	241,30	241.61	241_61 (3/3/9/3)	200.74 (8/4/32)	(3/3/93)	10.50 (8/4/32)	BEL20 (1/1/9f) DENMARK	1238.12	1227,85	1220 19	1204,71	1236.12 (9/3/93)	1048.07 (2/5
			J lod, D	n'a High	3476.90 (3447	.81) LOW 340	1.34 (3373.25)	(Theoretical4)	Copenhagen SE (3/1/83)	263.71	283.30	282.09	280.51	385.29 (15/1/92)	250.42 (287)
TANDARD	AND S	יםררא	•	Day's i	High 3470.77 (3433.22) Low	34D4.58 (3392	.16) (Azarda)	FUNCAND HEX General (28/12/90)	982.1	992.7	1004.6	996.3	100/ en 6/200	541 00 GB
noodin ‡	454.71	44E.11	417.34	449.28	454.71	394.50	454.71	4.40	FRANCE	3021	832-7	1004.0	390.3	1004 60 (5/3/93)	541.00 (7.9
					(8/3/93)	(814/92)	(B/3/9/3)	(1/6/32)	CAC General (\$1/12/81) CAC 40 (\$1/12/87)	533.36 2009.69	530.94 2004,25	531.41 1995.12	528.85 1986.75	965.93 (12/5/92) 2077.49 (11/5/92)	441 76 (7/1)
estrieita	523.84	513,29	513.84	516,35	523.54 (9/3/98)	470.91 (8/4/92)	523.64 (8/3/93)	3.62 (21/6/32)	GERMANY	ZUNEUG	المر 1994ء	Inchie	1300.73	2017/09 (10/9/02)	1611,04 (5/7
mcies	44.00	43.40	43.83	43.84	8/3/93)	32.40 094/92	B/3/931	8.5A (1/10/74)	FAZ Aktien (31/12/58) Communication (1/12/53)	673.93 TR90.20	606.53 1878.50	667.42 1881.50	1671.50	735.28 (26/5/92) 20/3.40 (25/5/92)	595.61 (12/1 1594.60 (12/
E Composte	250.15	245.99	246.53	247.41		217.92	250.15	4.46	DAX (30/12/87)	1773.13	1694.82	1662.82	1687,40	1871.57 (25/5/92)	1420.30 (6/1
					(8/3/93)	(8/4/92) 364.85	(8/3/93)	29.31	HONG KONG		C.100.45	4 Days Br			
y likt. Volum	416.73	413.80	412.84	413.47	(12/2/82)	f2/10/9C)	418.99 (12/2/82)	(9/12/73)	Hang Seng Blank (31/7/64)	_650R.0	6482.16	6502.81	6467.80	6508.00 (9/3/93)	4301.78 (2)
DAD Composite	587.23	681.37	690,73	BB3.5/2	716.85	547 84 C6/8/923	706.85 (4/2.500	54.87 (31/10/73)	ISEO Overall (4/1/88)	1397.43	1373.47	1386.60	1366.45	1489.57 (17/1/92)	1094.88 (19
					12007	4000,	((an id-ig	Banca Corn, Irol. (1972)	511.02	520.13	525.47	536.72	551.59 (52/92)	354.93 (18/
		M	ar 5	Feb	28 F	eb 19	year ago (approx.)	MBB General (4/1/93)	1128.0	1165.0	1182.0	1186.0	1186.00 (2/3/93)	992.00 (11/
Industrial Div.	Yield	2	99	3.0	02	3.07	2.84		MAPAN Mada (16/5/4%)	1784B.3B	17686.47	16817.70	16759.61	23801,18 F/1/92)	14308.41 (18
		M	ar 3	Feb		nh 17	year ago (emperosc.)	Toloro SE (Toob) (4/1/65)	1339.77	1320.90	1268.31	1266.11	1763.43 (6/1/92)	1102.50 (16
P Industrial (8	-	_	.48	2.5		2.55	26		Ond Section (4/1/68)	1683.71	1671.99	1680.78	1668.26	7459.85 (B/L/92)	1502.77 (19
P Indi. P/E pa			.18	26.		28.51	28.5		KLSE Composite (4/4/88)	631,79	637,93	638.34	636.67	660.35 (5/11/92)	546.63 M4
									NETHERLANDS			7000	44.7		
W YORK	ACTIVE	STO	CKS		TRADING	ACTIV	TY		CBS 70 Portien (End 1983) CBS All Shy (End 1983)	325.B 219.1	303.5 217.7	322.0 216.7	318.7 214.9	305.60 (9/3/93) 219.10 (9/3/93)	189,70 CS
	Stocks	Closing			† Yolum		Millions		NORWAY	Tro co	700.00		744 74	771 74 max mm	E22 45 60
nday	traded	price	an de	_		Mar		Mag 4) Osto SE (Ind) (2/1/83) PHILLIPPENIES	759.5R	743.09	727 44	711.21	772,74 (18/5/92)	532.43 (25
naka Di Morris	3,994,100	63/2	• 14 • 14		New York SE Amen	274.1 14.1			Marris Comp (2/1/85)	1529.50	1527.48	1543.15	1539.85	1580.95 (11/6/93)	1083.01_(17
nt	3,904,100	30%	+ 15		MASDAD	219			SINGAPORE SES AL-Singapore (2/4/75)	419.52	419.80	419.87	419.78	A21.27 (24/2/93)	351,41 (21/1
Mart	3,377,600	334 56	+ 1	. ;	MYSE				SOUTH AFRICA	41342	4.5.00				Date of the last
sler	2,751,500	393	+ 1	8	harques Traided Risses		500 2,48 513 813		JSE Gold (28/9/78) JSE boustout (28/9/78)	1012.0¥ 4449.0¥	999.0 4421.0	993.0 4405.0	933.0 4404.0	1327.00 (21/1/92) 4589.00 (4/5/92)	746.09 (10/1 3936.00 (19/
	2,721,500 2,716,500	58% 28%	+ 1		Falls		513 913 502 95		SOUTH KOREA	444324	74210	*******	and or the		0.0000 (1.0
	2,718,000	381	+ 4		Unchanged		485 61		Korea Comp Ex. (4/1/80)	636,23	625.62	615.57	627,22	709.77 (9/1/93)	459.07 (21/
Express	2,482,100	19	- 4		New Highs Hew Lows	,	256 13 13 (SPAIN Madrid SE (30/13/85)	241.14	2-0.54	238,52	235.85	266.51 (280.793)	179.48 (5/1
Express h									SWEDEN						
Express A									Affarşızıtden Ges. (1/2/37) SWITZERLAND	1033.70	TD30.00	1031.20	T014-50	1039.00 (8/3/93)	639,00 /5/1
T & T F Express ck									Swiss Bank Ind. (31/12/58)	942.6	934.0	933.6	935.7	947.50 (15/2/93)	748.50 (8/1
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spite of profit-taking

Wall Street

US SHARE prices were little changed in light trading yesterday as investors and dealers consolidated Monday's record-breaking gains, writes Patrick

At 1 pm, the Dnw Jnnes Industrial Average was down down 1.89 at 3,467.53. The index spent the entire morning session only a few points on either side of opening values. The more broadly-based Standard & Poor's 500 was down 0.64 at 454.07, while the Amex composite was up 1.61 at 418.34. and the Nasdaq composite 0.79 higher at 688.02. Trading volume on the NYSE was 188m shares by 1 pm.

The morning was dominated by profit-taking, as investors snught to book snme of Monday's gains. Yet, in spite of the selling, prices held their own. an indication of the resilience of the market, which remains supported by extremely low interest rates, low inflatinn. and hopes for continued improvements in corporate profitability.

Prices may also have been supported yesterday by further indications from the White House that President Clinton is willing to accommodate more

On Monday, reports said that the President would accept an additional \$55bn in cuts; by yesterday that figure had risen

Analysts have warned, however, that stock prices could be hit by a short-term correction over the next week nr sn. Some remain nervous about the Dow's record bighs, fearing that prices may have risen too far, making stncks overly expensive in relation to future corporate earnings.

Among individual stocks. banks remained in demand, as investors bought them in the expectation that lnw interest rates will boost bank earnings. BankAmerica rose \$1% to \$53%, aided by a ratings upgrade from the brnking bouse PaineWebber, Citicorp added annther \$% at \$27%. Banc One \$1 at \$52%. Wells Fargo \$2% at \$108% and Chemical \$:: at \$42 %.

Also in the financials sector. \$271/2 and Primerica jumped \$2% to \$42% after the two groups confirmed that they are in talks which could lead to age and asset management operations of American Express' troubled Shearson

Safeway rose \$1% to \$13% as positively to Monday's news that the food retailer's chairman. Mr Peter Magowan, is stepping down as chisf executive to run a baseball team in California.

Allied-Signal rose \$1/2 to \$67% after the chairman, Mr Lawrence Bossidy, said that the company was on target to meet its previously announced earnings fnrecast of between \$4.50 and \$4.75 a share. Some leading drug stocks

were under pressure, with Merck down \$% at \$37%. Pfizer \$% lower at \$60% and Bristol Myers-Squibb down \$% at

Canada

TORONTO recovered from opening weakness but prices were flat in dull midday trading. The TSE 300 index was up 2.24 to 3,553.28 in volume of 20,57m shares.

Sbares in the Bronfman group of companies firmed following the release of annual earnings from Hees International and Brascan late on Monday.

to C\$9% and Brascan class A

Dow holds its own in Milan drops on political turmoil fears

BOURSES mostly offered a modest response to Wall Street's overnight gains, writes Our Markets Staff, and some of them managed to ignore the Dow altogether.

MILAN faced the spectre of a

government in serious trouble, and what was briefly seen as the possibility that the prime minister, Mr Gluliann Amato, might resign. The Comit index fell 17.11, or 3.2 per cent to 511.02 with the biggest casual-ties in blue chips, small banks and insurers which had outperformed in the recent rally. News that a lunchtime cabi-

net meeting was being delayed and that Mr Amato planned to see President Oscar Luigi Scalfaro unnerved investors, already digesting a resignation threat hy the justice minister. Mr Giovanni Conso, and more arrests in the ever-widening political bribes scandal. Mr Robert Meiyer, of Inter-

market was still taking the bribes scandal in its stride. "But if the government is facing collapse, that is another Mr John Stewart, of Pasto-

sim in Milan, said that the

rino and Partners in Milan. added: "The market over-reacted. It certainly looked as if

ACTIVE foreign buying count-

ered profit-taking by invest-ment trust funds, and equities

gained further ground in vol-ume of 850m shares, the heavi-

est trading since September

1991, writes Emiko Terazono in

The Nikkei average advanced 161.83 to 17,848.30,

making a 6.1 per cent rise over the last two trading days. The

index opened at the day's low

of 17,724.89 and rose as high as

18,047.16. breaching the 18,000

mark for the first time since

September last year. Profit-

taking by the investment

trusts pared some of the gain

Volume climbed to almost

four times the recent market

average, on active buying hy

arbitrageurs and sbnrt-cover-

contracts of stock index

futures and options. Mr Masa

Sato at S.G. Warburg said the

market could decline towards

the end of the week as the bulk

of options positions held hy

market participants would become profitable if the Nikkei

index were to fall below 17,500.

Nippon Telegraph and Tele-

phone was once again the focus of trading. The issue closed unchanged at Y780,000

said that results from the dia-

mond glant, De Beers, were at the top end of expectations

De Beers was R2.60 higher at R68.85, while the overall

index advanced 34 to 3,425,

industrials moved forward 28

to 4,449 and golds appreciated

DOLLAR BIDEX

SOUTH AFRICA

and lifted the market.

during the afternoon.

up at 1,074.97.

there was some panic selling.
"Some of the correction was expected from a technical point of view: a lnt of call nptions are being exercised due to the end of the account later in the week. But the political situa-tion bas also become very problematic and Mr Amato's position is seen to have been

FRANKFURT got an early boost from Wall Street and a late one from BASF before it closed with the DAX index 18.31, or 1.1 per cant higher at 1,713.13. After hours, the dividend from Hoechst was an opposing influence.

Purnover rose from DM6.6bn to DM8.2bn. Mr Thomas Nolten of B Metzler in Frankfurt said that the DM10 dividend from BASF compared with fears of DM9 or even DM8, and lifted the shares hy DM12 to DM240.50. Carmakers reflected the high liquidity in the mar-ket, although rises of DM10 to DM491 at BMW and DM12.50 to DM625.50 at Dalmler were slightly offset by a 70 pfg fall to DM287.70 in Volkswagen

The BASF decision led to hopes that Hoechst, too, would pay more than the DM9 expec-ted and Roechst rose to DM263.50 in the post-bourse

FT-SE Actuaries Share indices March 9 Gpen 16.39 11.80 12.00 13.00 14.80 15.80 Class Hourly changes FT-SE Eurotrack 103 1161.91 1161.98 1182.60 1184.36 1163.38 1163.24 1163.58 1164.26 FT-SE Eurotrack 200 1233.01 1231.94 1231.73 1233.60 1233.25 1229.81 1230.41 1230.72 Mar 5 Har 4 1159.70 1225.29 1158.99 1229.32

against a close DM2.70 higher at DM256.30. Unfortunately. Hoechst delivered DM9 in the afternoon, and the shares came back again to DM257.50.

FT-SE Enretrack 200

PARIS persisted with its interest rate cut hopes and the CAC 40 index closed 5.83 higher at 2,009.69. One trader said that buying was centered around smaller companies which had been lagging behind the market

Remy Cointreau was up FFR8.80, or 6.2 per cent to FFr151.80 while Alsace Supermarche led the winners with a lift of FFr231. or 13.8 per cent to FFY1,911 in 21,000 shares.

Euro Disney rose FFr4.30, or 5.1 per cent to FFr88.80. One analyst said he expected an announcement "any day" from Euro Disney about refinancing its debt so as to benefit from

1156.1S 1216.30 Biese value 1000 (35/10/30) Highway: 100 - 1165.71; 200 - 1234.35 Lowelley. 100 - 1161.84 200 - 1228.75.

easing Enropean rates, but opinion on the stock remained bearish in a couple of major investment bouses. ZURICH benefited from expectations of lower interest

rates and the SMI index added 19.1 to 2,151.3 after peaking at 2,157.0. Alusuisse bearers rose SFr13 to SFr501 as the company

announced an unchanged 1992 unchanged results for 1993. AMSTERDAM continued in positive mnod, supported by the dollar and Wall Street. The

Philips added 30 cents to Fl 23.60 in active trade as recent US demand was fullowed up by local investors.

BRUSSELS trading was dominated by Delhaize which

CBS Tendency index rose 1.1 to

closed BFr58 or 4.7 per cent ahead at the day's high of BFr1,292 in response to a profits forecast. The Bel-20 index closed 8.27 firmer at 1,236.12 in turnover of BFr1.635bn.

OSLO's all-share index rose 8.69 or 2.1 per cent to 429.05 in very active trading. Norsk Hydro and Saga Petro leum each added NKr1.50 to NKr169 and NKr67.50 respec-

tively after Statoil, in which

both have stakes, announced its largest nil and gas find in

recent years in the Nordland II area of the Norwegian Sea.

DUBLIN seemed to offer a positive response to Wall Street, the ISEQ overall index rising 23.96 to 1,397.43 for a two-day gain of 3.1 per cent, but foreign buying, the possibility of the government's 30 per cent stake in Greencore going into corporate, rather than institutional, hands and above all, the drop in domestic

as factors. Irlsh interest rates have come down from 13% to 12 per cent since Fehrusry 19, another half-point cut is on the cards and professionals are looking for a fall to 10 per cent or lower by the end of this

interest rates were also put up

Primerica buying the broker-Foreign buying supports Nikkei's advance Hees international rose CS%

Tenuous balance beneath Bovespa's calm exterior

Bill Hinchberger analyses Brazil's equity market

Brazilian stock markets bave seemed remarkably immune to the political and economic instability that surround them. Yet undernestb their calm exterior, it appears that the balance is tenuous, provided by a jittery combination of push

Last week, after Mr Paulo Haddad resigned as finance minister and Mr Itamar Franco, the Brazilian president, named Mr Eliseu Resende as his replacement a nomination widely criticised by politicians and business people alike - the São Paulo. or Bovespa, index lost just 1.4

Inflation of about 5 per cent during the week boosted the drop in real terms, but on Monday of this week the market rebounded with an 8.1 per cent losses. Most traders agreed that Monday's jump was primarily due to defensive moves by investors, worrled about potential politico-economic initiatives, shifting out of fixed interest stocks. Yesterday the Bovespa was a further 3.2 per cent ahead at noon.

Before the ministerial shakeup, Brazilian equities were up with the leaders among emerging markets. In the two months to end-February they showed an increase in dollar terms of 21.7 per cent, according to figures from the international Finance Corporation in Washington, nutpaced by nnly

Turkey and Taiwan. From December to February, the Bovespa index gained 207 per cent, compared with inflation of 99 per cent for the period in December, improvement was primarily sparked by the end of the political crisis that had dragged on for most

NATIONAL AND REGIONAL MARKETS

Australia (68). Austria (18).. Belgium (42). Canada (113).

Denmark (33)... Finland (23)... France (98)....

Germany (62)... Hong Kong (55)... Iraland (16)...... Japan (472)... Malaysia (69)... Maxico (18)... Netherland (25)... New Zealand (13)... Norway (22)... Singapore (38)... South Africa (60)... South Africa (60)...

of 1992, ending with the telecommunications bolding resignation and impeachment nf the former president, Mr Fernando Collor de Mello, after

Christmas. to gradual reform - the pas-





tors. Yet these positive signs were offset by apparently impulsive actions by the new president, like the decision to offer tax breaks for the relaunching of the Volkswagen Beetle, and delays in the privatisation programme.

was provided by the passage of legislation to allow public electric utility companies to set rates according to their costs. withnut interference by central authorities. Large industrial users currently pay about \$45 per megawatt hour, compared with an average generating cost of \$70 per megawatt bnur. The prospect of higher prices made leading utility equitles

MONDAY MARCH & 1993

115.79 126.30
128.47 128.34
123.26 120.46
106.96 111.45
175.52 176.14
64.38 93.47
138.31 139.35
97.25 97.25
224.91 258.28
120.92 134.59
96.17 83.71
241.38 281.38
1326.31 5204.32
140.63 138.68
39.60 46.22
123.91 137.03
181.76 163.30
110.79 114.53
145.91 190.42
96.35 106.28
146.82 178.61
160.35 185.51

-0.1 137.40 98.74
-0.1 152.45 109.55
+0.7 146.27 109.55
+0.7 146.27 109.51
+1.3 126.95 91.23
+0.7 208.87 91.23
+0.7 208.87 18.24
+0.8 115.40 82.94
-0.7 268.87 181.78
+1.7 143.48 103.11
-1.9 84.09 46.05
+5.2 116.48 83.71
+0.5 286.45 205.83
+1.9 1573.86 1130.99
+0.8 166.88 119.92
+1.1 46.99 33.77
+1.9 147.08 105.66
-0.4 227.56 163.53
-0.5 168.01 120.73
+1.1 131.47 94.48
+2.2 173.13 124.42
+1.8 190.27 136.74
+0.8 144.72 104.00

.. 185.51 +1.8 190.27 136.74 160.35 185.51 .. 141.10 +0.8 144.72 104.00 121.96 134.76 .. 154.48 +1.6 158.44 113.86 133.52 153.78 .. 118.01 +4.4 122.06 67.72 102.87 90.25 .. 127.93 +2.8 131.21 94.28 110.55 107.85 .. 121.87 +0.8 185.34 133.92 157.05 180.49 .. 121.87 +0.8 125.00 89.84 105.38 111.55 .. 172.38 -0.2 176.81 127.06 149.02 155.19 .. 129.02 +2.7 132.33 95.10 111.52 109.84 .. 144.67 +2.5 148.38 106.63 125.05 128.95 .. 147.07 +2.3 150.94 108.41 127.13 132.72 .. 168.18 +1.4 170.44 122.49 143.86 181.94

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In January and February, the market reacted favourably sage of port modernisation legislation, steps towards fiscal reform, and advances in deht



negotiations with foreign credi-

The biggest beneficial push appear as attractive as stock in Telebras, the state-controlled company that customarily accounts for half of daily trading in São Paulo.

Eletrohras, the federal electricity company, gained 122 per cent in real terms in February. Cemig, the ntility concern in Minas Gerais state, jumped 191 per cent in real terms during the month.

Foreign investors might put \$1bn into the electric sector this year, either by shifting from current Brazilian holdings or through new investment, ventured Mr Edmund Games - a vice-president of the US investment house Scudder, Stevens & Clark, and portfolio manager for the Brazil Fund, a closed end fund which trades on the New York Stock Exchange - during a mid-February visit to Rio de Janeiro.

However, politics are a otential wild card. As Mr Resende gets settled into office, conjecture will give way to reaction to real events. Today, the Senate is scheduled to pass final judgment on a financial transactions tax which, says Mr Franco, is necessary to help balance the federal budget.

I have prices and stock market liquidity are still low. The 593 companies traded on the Rio de Janeiro exchange closed 1992 with an average book value of 28 per cent. This contributed to make Fehruary the third month in the last five with no new public share issues.

Foreign investors are tempted, but playing safe. "The vast majority are cautious," Mr Robert Barclay, president of Baring Securities Brasil, says. They are waiting for a clear sign that economic reform is moving forward. Yet they are all terrified of missing nnt."

FRIDAY MARCH 5 1953

137.52 99.75 152.54 110.65 143.25 105.35 125.29 90.87 206.82 150.01 78.84 55.73 180.38 118.32 114.31 82.93 288.71 194.90 141.10 102.34 65.30 47.36 110.71 80.30 284.80 226.56 1544.24 1120.05 165.52 120.06 46.49 33.72 144.17 104.57 226.37 165.65 168.62 122.45 168.62 122.45 168.82 122.45 129.98 94.27 168.30 122.80 113.82 82.56 174.82 125.65 188.75 135.48

143.48 104.07 121.29 155.92 113.10 131.80 158.87 92.57 107.88 182.93 132.70 154.65 124.15 90.07 104.97 177.19 128.85 93.47 108.92 144.77 105.01 122.38 147.34 106.89 144.55 168.11 121.95 142.12

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

on day Yield Index

1 +0.2 3.89 134.12

4 -0.1 1.75 148.78

5 +0.8 5.01 141.66

5 +0.8 3.00 122.20

1 +0.4 1.31 201.71

7 -1.5 1.47 74.94

5 +0.5 3.22 155.42

5 +0.6 2.35 111.49

5 +0.6 2.35 111.49

1 +1.0 3.90 137.62

1 +1.0 3.90 137.62

1 +1.0 107.68

3 +0.4 2.34 277.77

2 +1.9 1.15 1508.12

1 +0.4 2.34 277.77

2 +1.9 1.5 1508.12

1 +0.4 3.94 140.81

1 +0.3 140.81

1 +0.5 120.81

1 +0.6 5.25 128.76

2 +0.7 2.04 165.13

1 +0.1 2.04 111.01

+1.1 4.15 170.31

+1.1 4.15 170.31

+1.1 2.73 182.14

3.47 1.80 1.33 2.29 2.74 3.00 3.41 2.31 2.30 2.48 3.01

+0.8 +0.5 +3.8 +2.2 +1.8 +0.3 -0.1 +2.2 +2.1 +2.0 +1.3

The World Index (2207)... 147.07 +2.3 150.85 108.40 127.13 133.03 +2.0 2.49 143.74 147.37 108.90 124.58 130.38 153.70 130.66 140.62

in active trading after hitting the day's peak of Y829,000. Traders noted profit-taking by investment trusts. Fujikura, a cable maker closely linked to NTT, retreated Y11 to Y599 on

profit-taking. Foreign investors sought steel and electrical issues. Nippon Steel, the most active issue of the day, put on Y10 at Y317, NKK Y8 at Y265, Hitachi Y26 at Y747 and NEC Y56 at Y767. Companies with close ties to

the Japan Railway Group firmed on speculation that the issues will benefit from the expected listing of JR East later this year. Nippon Signal, the railway signal maker, moved ahead Y20 to Y1,360, while Tekken, a construction company and contractor for JR companies, gained Y13 at Y773. Aids-related shares firmed on an all-time high of 6,508, hav-

Ube Industries ended Y30 higher at Y390 and Nippon Zeon Y16 dearer at Y588.

in Osaka, the OSE average was 309.16 firmer at 18,793.44 in volume of 212.4m shares, Pharmaceuticals, electronics and constructions were among leading gainers. Nintendo, the video game maker, climbed Y320 to Y10,200.

Roundup

POLITICAL events again domi-nated some of the larger

Pacific Rim markets. HONG KONG took heart from renewed prospects of Sino-British talks soon and shares resumed their recordbreaking run. The Hang Seng index finished 25.84 stronger at ing touched 6,557.10 during interim results, due tomorrow. morning trading. Turnover improved to HK\$4.62bn. The previous record of 6,502.81 was set last Friday.

Banks were the best blue chip performers, with HSBC rising HK\$1 to HK\$70. Hang Seng Bank closed HK\$2.50 up at HK\$69.50 after touching HK\$70. Electronics companies were ahead on expectations of improved sales to the US.

AUSTRALIA tried to take its lead from events on Wall Street, but continuing election nerves held gains in cbeck and the All Ordinaries index ended 16.6 firmer at 1,633.7.

Retail trade and jobs vacancles data belped the mood. Retail stocks fared well, notahly Coles Myer, which rose 11 cents to A\$4.75 as retail trade figures boosted hopes for its

SINGAPORE was mixed with banks continuing to shed some of their recent gains: The Straits Times Industrial index eased 3.32 to 1,657.72 in volume of 221.9m shares. OCBC Foreign declined 30 cents to S\$11.70 and UOB Foreign dipped 15 cents to \$\$8.95. Inchcape was 15 cents lower

BOMBAY suspended trading around midsession after shares came under unrelenting selling pressure. The BSE index fell by 132.64, or 5.4 per cent, to 2,318.56 before trading was stopped by the authorities hecause of the "ahnormal

movement" of prices. TAIWAN saw particular weakness in financials as the weighted index receded 127.11, or 2.8 per cent, to 4,474,47.

ing by foreign investors. Gains led losses by 761 to 291, with FFE introduces Bonos futures. 124 issues unchanged. The Topix index of all first section stocks added 18.87 at 1,339.77, although in London the ISE! Nikkei 50 index closed just 0.32 In spite of the rise, some derivatives traders were caufixing for settlements of March JOHANNESBURG snalysts

On 10 March LIFFE, Europe's leading financial futures and options exchange, introduces Bonos futures on its renowned 'open outcry' trading floor.

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